FINANCIAL TIMES

No. 27,740 — Thursday December 14 1978

هكذا من الأصل

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Warrant out for Lord Kagan

A warrant was issued yesterday *for the arrest of Lord Kagan*, the Gannex raincoats millionaire made a life peer in Sir Harold Wilson's 1976 resignation Honours list.

Lord Kagan, who is wanted for alleged offences relating to evasion of exchange control regulations, is believed to be in Tel Aviv.

Lady Kagan (Lord Kagan's wife), and his son Michael George together with three directors of companies within the Kagan Textile Group—Mr. Raymond Kennedy, Mr. Valdemar Ginsburg, and Mr. Ibby Ginsburg—yesterday appeared at Leeds magistrates court. They were charged with similar offences.

Thorpe is sent for trial

Former Liberal leader Jeremy Thorpe and three co-defendants are to stand trial at the Old Bailey charged with conspiracy to murder Norman Scott. Thorpe will also face a charge of inciting David Holmes to murder Scott.

Edward Donall, chairman of West Somerset magistrates, announced the decision at Minehead yesterday. Thorpe, Holmes, John Le Mesurier and George Deakin all denied the charges. Bail was renewed at £5,000 in each case, with passport conditions tightened.

BL Cars recalls 200,000 Minis

BL Cars is to recall 200,000 Minis up to 14 months old to check their braking systems. The recall covers cars built between October 1977 and November 1978.

Israel link alleged

A system set up by the South African Information Department for clandestine funding of a British-based magazine had a strong Israeli connection, according to a businessman involved in the Department's attempts to set up an international publishing network. Back Page

Pro-Shah parades

Thousands paraded through Iranian cities in support of the Shah yesterday. In Isfahan, a surgeon said at least 40 people had died in disturbances in the city during the past two days. Soldiers of the Shah's elite Imperial Guard are reported to have mutinied on Monday, leading to the deaths of several officers. Page 3

Fuel 'disaster'

Rhodesia had suffered a "great disaster" in the black nationalist attack which had destroyed about 17m gallons of vital fuel at a Salisbury storage depot, Mr. Ian Smith, Rhodesia's Prime Minister said. Page 3

The UN general assembly has recomended wider economic sanctions against Rhodesia and an oil embargo against South Africa.

TV blank-out

The BBC has decided to leave TV screens blank on both its channels when programmes are disrupted by a technicians' overtime ban which started this week. It will also close down by 11.40 pm at the latest. Many films due to be shown over Christmas will be lost.

Briefly . . .

Talks between Times Newspapers management and unions adjourned until tomorrow.

Gunmen believed to be Basque guerrillas shot dead a municipal police chief and a shopkeeper in Spain's troubled northern region.

Zambian President Kenneth Kaunda seemed certain of re-election by a convincing majority as results started to be announced.

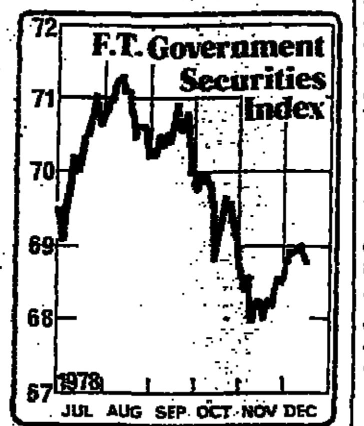
Christmas parcels and second-class letters should be posted not later than next Monday, and first-class letters by next Tuesday, the Post Office says.

BUSINESS

Equities down 4.7; £ marks time

● EQUITIES continued unsettled and the situation in Iran increased uncertainty. The FT ordinary index, off 5.7 at 2 pm, closed 4.7 down at 480.7.

● GILTS saw falls of 3/16 in shorts and ½ in longs; the Government securities index closed 0.16 down at 68.72.



● STERLING closed 35 points up at $1.9765; both sterling's trade-weighted average and the dollar's depreciation were unchanged at 63.2 and 8.5 per cent respectively.

● GOLD rose $¼ to $202¼ in London and in New York the Comex December settlement price was $201.70 ($205.40).

● TOKYO stock markets attracted fresh buying and the Nikkei-Dow Jones index rose 18.00 to a new peak of 6,097.26.

● COFFEE futures fell sharply with the March position £80 down at £1,207.5, its lowest for four months. Page 37

● WALL STREET closed 5.11 down at 809.86 on inflation worries.

● INDUSTRIAL OUTPUT, which grew rapidly in the spring and summer of 1978, dropped by 0.7 per cent in the August to October quarter. Page 6

● ASSOCIATED Biscuit Manufacturers has agreed to buy the Smiths Food Group from General Mills of the U.S. for £16.4m. Back Page

LABOUR

● CONTROL of Britain's largest civil service union, the Civil and Public Services Association, has been won by the right in the largest vote in the union's history. The swing from the left-controlled executive could have serious effects on the union's attitude to action against the Government's 5 per cent pay limit. Page 8

● SINGER of the U.S. has said it will close the UK plant on Clydebank with the loss of 4,800 jobs unless the workforce reverses its decision not to co-operate with a rationalisation plan. Earlier story: Page 8

● *TUC is making an effort to* avoid confrontation between 1.5m public service workers and the Government over the 5 per cent pay limit. Back Page

COMPANIES

● GUTHRIE Corporation reports a fall in pre-tax profit for the first half of 1978 from £11.12m to £4.76m but overall profits for the year should match the record £19.65m for 1977. Page 26 and Lex

● HP BULMER Holdings pre-tax profit for the half-year to October 27 rose 67 per cent from £1.15m to £1.92m on sales up at £20.95m against £19.08m. Page 25

● LRC International pre-tax profits in the half year to September 30 fell from £4.13m to £3.32m on turnover up from £46.66m to £48.38m. Page 24

● COMPAIR, manufacturer of air compresors and pneumatic tools, reports a fall in pre-tax profit for the year to October 1 from £12.22m to £11.32m. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Bulmer (H. P.)	150	+ 6
De Vere Hotels	172	+ 10
Shaw Carpets	73	+ 3
Standard Chartered	431	+ 5
De Beers Dfd.	364	+ 10
Mount Lyell	40	+ 7

FALLS

Treasury 9¼pc '83	£88¾	— 3/16
AB Electronic	157	— 6
BAT Inds.	288	— 7
Beecham	614	— 10
Bibby (J.)	297	— 11
Costain (R.)	240	— 8
Deritend Stamping	150	— 4
ERF	136	— 5
Gen. Accident	207	— 9
Gestetner A	133	— 7
Guinness (A.)	157	— 3
Hawker Siddeley	228	— 8
ICI	369	— 5
Land Secs.	243	— 4
Mills and Allen Intnl.	225	— 7
Racal Elect.	344	— 9
Reckitt and Colman	455	— 18
Redfearn Nat. Glass	275	— 7
Saatchi and Saatchi	135	— 5
Tunnel B	302	— 8
Wimpey (G.)	80½	— 3½
Selection Trust	456	— 18
Venterspost	136	— 11
Westfield Minerals	350	— 15

Callaghan to hold vote of confidence after two defeats

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT will hold a vote of confidence in the House of Commons today following two defeats last night on the use of discretionary sanctions against companies, who defy the 5 per cent pay policy.

A direct challenge to the controversial sanctions policy launched by the Tories was accepted by 285 votes to 279 thanks to support from the minority parties and some Left-wing Labour abstentions.

A second vote confirmed the decision to oppose sanctions by 285 votes to 283 after some Labour abstainers decided to back the Government.

There was confusion about the full implications of the result at Westminster but there is little doubt that the Government's authority has been severely jolted

Even if Mr. ames Callaghan wins the vote of confidence, his grip on power will have been weakened.

The prime casualty will be the Government's counter-inflation policy, and it will now be extremely difficult if not impossible for the Government to continue its determined efforts to stick by the 5 per cent pay guideline.

Second, the Commons votes mean that the political initiative now swings sharply towards the Conservatives. Mr. Callaghan will find it much harder to maintain power until he can call a general election at a time of his own choosing.

Mr. Callaghan called on Mr. Roy Hattersley, Prices Secretary, to defend the counter-inflation policy rather than take part in the debate himself.

Mr. Hattersley appealed to Left-wing MPs not to support the direct Tory challenge to pay policy, but his speech made little impact. It was a poor Commons performance, and he was constantly needled by Tories, who scented their only chance for weeks of inflicting severe damage on the Government.

The Prices Secretary argued that the pay policy was not the *only weapon in the Government's* counter-inflation armoury, but it remained an essential element. It was a particularly important factor in obtaining relatively more for the poorly paid.

Mr. James Prior, shadow employment spokesman, argued that the use of arbitrary sanctions against Ford and more than 200 other companies was a major constitutional issue, because the policy did not have the backing of Parliament or the rule of law.

He believed that the operation of sanctions against Ford in particular had poisoned the relationship between Government and industry in a way that would be damaging to the country's economic performance.

Mr. Prior called for the provision of public money for secret ballots to be held by trade unions for internal elections and on industrial issues, so that the present imbalance in union activities could be corrected.

Earlier, the Prime Minister saw six leaders of the Left-wing Tribune group at the Commons to explain the importance of the debate.

He argued that defeat, although it would not precipitate an immediate general election, would do great harm to the Government's authority, and would play into the Tories' hands.

Parliament, Page 9
TUC tries to head off pay row Back Page

New fall in receipts for building societies

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING SOCIETY receipts fell sharply last month and have continued to drop this month, in spite of the recent big increase in interest rates.

The position is at least partially due to seasonal factors but it tends to confirm some fears that, even with the higher rates now in force, societies are not wholly competitive in the savings market and that it could become increasingly difficult for them to attract funds.

With the societies now offering 8 per cent net on deposits they still have a competitive, though historically extremely small, edge over the clearing banks and National Savings. Some competition however, such as local authority and income bonds, offers more attractive terms to investors.

Last week, the Government said it was authorising societies to step up their total monthly lending by just under 10 per cent to an average £700m a month, a decision which can only magnify the societies' task.

There is no question of further increases in investors' and mortgage rates and societies will be hoping for a fall in interest rates generally early next year to restore their position. If this does not happen, further rate increases could be considered, although they may not be acceptable to the Government.

In the meantime, the movement will continue to draw on liquidity to maintain a high level of advances, although it is not certain they will meet the monthly lending quotas agreed upon.

The Building Societies Association said yesterday that net receipts in November reached only £261m against £363m in the previous month. A year earlier they stood at £578m.

But it is the first two weeks of this month which are giving rise to concern. On present trends, receipts could fall to below £200m for only the second time since January 1977. One explanation being put forward is that the societies have recently been attracting greater than usual amounts of small money and that this is now being withdrawn as part of the normal pre-Christmas rise in consumer spending.

The societies do not expect any improvement in January, when very tough competition from National Savings arises in the form of higher interest on savings accounts and a very live new issue of savings certificates.

Last month, the societies managed to continue their high level of lending, advancing £764m to home buyers. The figure represented a fairly substantial increase over the previous two months, although about £70m of it related to home improvements. Societies also promised to lend another £720m, a similar proportion of which is expected to be for purposes other than house purchase.

This year, the societies expect to have lent £7.8bn to home buyers, against £6.7bn in 1977.

Mr. Norman Griggs, secretary general of the Building Societies Association, said: "Even with the improved yields the societies will have to fight hard for their funds until such time as the high general level of interest rates starts to decline.

"We hope high lending figures can be maintained in the short term but, looking further ahead, everything will depend upon the economic environment and the success of the Government's incomes policy."

Joint venture by GEC-Hitachi

BY MAX WILKINSON

HITACHI IS to take a half share in the General Electric Company's television manufacturing operation.

A new joint venture company, which starts on January 1 next year, will be based at GEC's factory at Hirwaun, Wales. It will be run by an English managing director, Mr. Pat Sansom, the present manager of GEC's radio and television division.

Hitachi is paying £2.75m in cash into the joint company which will be capitalised at £5m. GEC's contribution is the fixed assets of its present manufacturing operation.

The main aim is to bring more work to the Hirwaun plant, which is now running at about *half its capacity of 300,000 sets* a year.

The joint company, called GEC-Hitachi Television, will supply colour sets to both parent companies for sale through their present distribution channels. It will have full access to Hitachi's research, development and production technology.

It is expected that the Hirwaun plant, which employs 2,000, will achieve production of 300,000 sets in five years' time—exporting about a third of them.

Hitachi's co-operation with GEC follows its abortive attempt last year to set up a manufacturing subsidiary in Washington, County Durham. Hitachi withdrew its proposal in the face of combined opposition from trade unions and other UK television set makers.

They complained that a new plant would add to the industry's over-capacity of about 50 per cent.

The Department of Industry, anxious then to encourage investment by Japanese companies, suggested that joint ventures might be an acceptable compromise. The first such deal was announced by Rank and Toshiba earlier this year.

Lord Nelson of Stafford, chairman of GEC, will be chairman of GEC-Hitachi and Mr. M. Misu, executive vice-president of Hitachi, will be deputy chairman. Several Japanese advisers will also be seconded from Hitachi, whose total sales are about £5.7bn.

Why GEC needed Hitachi, Page 6

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Vance may end Mideast mission

By David Lennon

JERUSALEM — Mr. Cyprus Vance, the U.S. Secretary of State, decided yesterday to cut short his Middle East peace mission when Israel rejected the new ideas that he had brought from Cairo.

He will leave Jerusalem today, meet President Sadat again in Cairo tonight, and fly back to Washington tomorrow.

Mr. Vance spoke to President Carter by telephone yesteday after his meeting with Mr. Menahem Begin, the Israeli Prime Minister, at which "serious differences of opinion" emerged over the new compromise worked out in Egypt.

Consultation

Officials in Jerusalem said last night that the new proposals from Cairo marked a hardening of the Egyptian position on the outstanding issues. But they said that the discussions would continue today.

President Carter has set Sunday, December 17, three months after the Camp David summit, as the deadline for completing the treaty. The Israelis *are believed to have refused to* accept an Egyptian proposal to drop the demand for Palestinian elections in the West Bank and Gaza to be linked with the treaty, provided Israel agreed to defer setting up diplomatic relations until after the elections.

Israel has refused to accept any link between the treaty and Palestinian autonomy, saying that self-rule must be negotiated separately.

Egypt was also reported to have agreed to drop its demand for a revision of clause six, under which Egypt's defence commitments to Arab countries are superseded by the peace treaty, provided a letter was attached giving Egyptian reservations. Stipulations in the letter were rejected by the Israelis.

Pessimistic

Mr. Vance's conversation with President Carter was the first time during his current Middle East shuttle when he felt consultation to be necessary. He was apparently told to cut his losses and return home.

The talks might break down totally unless the Israeli Cabinet has a change of heart today. Mr. Vance will make a final effort to reach a compromise when he talks to Israeli leaders in the morning.

The mood in Jerusalem was pessimistic last night as the American entourage attended a working dinner with their hosts.

That belied the earlier optimism generated by the Americans, but not by the Israelis, who have felt that they were being subjected to undue pressure to decide quickly about matters that they consider vital to national security.

Italians back decision to join EMS

BY RUPERT CORNWELL

ROME—Parliament last night approved the Government's decision to take Italy into full membership of the European Monetary System from January 1

But the approval came only in the face of sustained opposition *from the Communists*, on whose support the minority Christian Democrat Administration depends.

Sig. Giulio Anoretti, the Prime Minister only won the night on the key part of the motion, committing Italy to early entry into the currency arrangements, to the abstention of the Socialists, who had argued for a more gradual and careful integration of the lira into the EMS.

The majority of 42 was slender, by present Italian standards. Social Democrats, Republicans, and various Right-wing groups joined the Christian Democrats behind Sig. Andreotti, but 53 Socialists abstained, and 228 Communists and other Left-wing deputies voted against.

Communist hostility to immediate entry reflects the party's insistence that Italy must obtain greater specific concessions on the issue of the transfer of real resources than agreed at last week's Brussels summit. The party also wants more solid protection for its currency.

However, Sig. Andreotti calculated correctly that the Communists would be exceedingly unwilling to provoke the collapse of his Government on an issue where they could easily be portrayed as anti-European.

The threat of a break-up of the five-party parliamentary majority, which keeps the Government alive, seems to have been averted in the pre-Christmas period. But last night's events have only underlined the fragility of the foundation upon which it rests.

Nothing has been done to diminish speculation that the moment of truth might come early in the New Year, especially when a detailed programme, putting into effect the three-year economic recovery plan of Sig. Filippo Maria Pandolfi, Treasury Minister, comes up for scrutiny.

In his wind-up speech, Sig. Andreotti appealed for calm on the issue of EMS. He said Italian membership implied no more constraint upon the country than the framework of the Pandolfi plan, which the political parties had already accepted in principle.

The immediate outcome represents another skilful tactical triumph for the Prime Minister, who has been under strong pressure from a vociferous wing of his own Christian Democrat party for alleged weakness in dealing with the Communists.

His success reinforces his own hand, and that of the moderate factions in his party in favour of the present alliance with the Communists, in the run-up to *the important Christian Democrat* Congress early next spring.

Earlier, the Prime Minister and Sig. Pandolfi met the leaders of the majority parties to try to find a generally satisfactory agreement. But it is clear that Sig. Andreotti revealed no further tangible concessions from the richer EEC nations sufficient to still Communist opposition to early entry.

Meanwhile, the lira slipped yesterday against the dollar from 846 to 849.5, amid some signs that the foreign exchange markets share some of the misgivings of Italy's monetary authorities over the wisdom of entering the EMS.

Earlier story, Page 3
Ireland about-turn likely Back Page

ENI–IRI nuclear fuel pact is ratified

AN AGREEMENT between ENI and IRI for nuclear fuel and systems, signed in July, has now been ratified, it was announced in Rome. The roles of the participating companies have now been defined. Agip Nucleare SPA (part of the ENI group) will be the national fuel supplier. Fiat and Breda Termomeccanica (Finmeccanica group) will supply components as well as being system engineers and contractors for pressurised water reactors (PWR) of the Westinghouse type.

This ratification provides a new share asset for Coren, a company processing nuclear fuel for PWR reactors, in which Agip Nucleare's share is 71.5 per cent, Fiat-TTG has 24.5 per cent, and Breda Termomeccanica 4 per cent. International collaboration is envisaged from these agreements, establishing ENI and IRI among the groups who are developing further their present nuclear activity.

£ in New York

—	Dec. 13	Previous
Spot	$1.9770-9780	$1.9700-9715
1 month	0.50-0.40 dis	0.44-0.39 dis
3 months	1.15-1.05 dis	1.08-1.02 dis
12 months	4.00-3.90 dis	3.80-3.65 dis

Philips' foreign policies criticised

By Charles Batchelor

AMSTERDAM — A row has broken out between the Dutch multinational Philips and the country's largest trade union after the publication in a union newspaper of sharp criticism of the company's policies in low-wage countries. Philips is currently negotiating the release of one of its managers who was seized by guerrillas in El Salvador 18 days ago.

The article in the weekly newspaper of the FNV Trade Union Federation said Philips' own social policies were to blame for the kidnapping of the 32-year-old Dutchman Mr. Frits Schuitema by the Armed Front of National Resistance (FARN).

While saying that it did not wish what had happened to Mr. Schuitema on anybody, the union asked: "How many managers must be kidnapped before Philips realises that this form of resistance is connected with the conditions in which its employees live and work?"

El Salvador is a "Fascist dictatorship" which employs brutal methods to suppress trade unions, the FNV, which is the most radical of the Dutch trade unions, said. This suppression creates an atomsphere in which foreign concerns such as Philips have a free hand. The companies therefore have nothing to fear from a critical workforce. The official policy of Philips is to adapt to local customs. The company calls this "integrating" but it can also be called simply going along with the system, the FNV said.

In reaction, a Philips spokesman said this was a "scandalous article" to *publish at a time* when Mr. Schuitema was still in the hands of his kidnappers. In every country where Philips has subsidiaries it follows social policies which can stand up to criticism, he said.

The company pointed out that the staff of its subsidiary in El Salvador had appealed by means *of an advertisement in the local* Press for the freeing of Mr. Schuitema. This proved that the union article had not been written on behalf of its employees in El Salvador.

"We have no words for the provocative final sentence in the article which asks how many more managers must be kidnapped *before Philips realises* its own policies are at fault," the company spokesman said.

It has already placed a two-page advertisement outlining the guerrilla group's aims in newspapers in 32 countries as part of its attempt to gain the release of Mr. Schuitema.

Italy's nuclear argument contracts to 'il blackout'

BY RUPERT CORNWELL IN ROME

"IL BLACKOUT" is the latest Anglicism to appear on the front pages of Italian newspapers. It refers, with a certain amount of poetic licence, to the 20 or 30 minutes of regular power cuts that hit cities in southern and central Italy ten days ago. They were hardly comparable to the real thing, New York style, but they were a sharp and ominous reminder of the uncertain state of the country's electricity supply industry—and of the protracted arguments which have brought to a standstill Italy's efforts to go nuclear.

The reasons for the delay are complex, part environmental, part political and part bureaucratic. The trouble *is that the* objective case for a switch to nuclear power is stronger in Italy than in almost any other advanced economy. Its dependence on imported energy (oil imports cost almost £5bn in 1977), the general level of industrialisation, and the technological skills of its manufacturers make the country an obvious candidate for a sophisticated nuclear energy programme.

Belatedly, however, and with an intensity which more than makes up for the delay, the environmentalists have arrived in Italy to add their weight to the country's already formidable capacity for political hair-splitting and administrative inertia. As a result, five years after the 1973 oil price explosion, three years after the launch of the Government's original energy plan, and nine months after ministerial approval of a more modest set of targets for 1985, Italy is left with little more than the same three operational demonstration reactors, providing just the 600 MW power that existed in the late 1960s.

Sad to say, demand has not remained constant to allow the debate to proceed at its leisurely pace. Italian electricity consumption has grown steadily, despite the slack performance of the economy in the last few years. The demand has been met by increased output of coal and oil generated power, and stepped up production of hydroelectric energy. All the while, the safety margin between maximum capacity and the load on the system has narrowed.

Technical trouble hit a number of stations simultaneously recently, when the weather had taken a turn for the colder. The margin vanished, and ENEL, the state electricity utility was forced to act, crudely to bring things under control. Sig. Massimo Moretti, ENEL's managing director, has warned that only a happy coincidence of circumstances elsewhere in the network kept the cuts within reasonable bounds. Next time, it is clear, the black-out might be a real one.

This state of affairs is of course not going to be put right at once, even by a sudden, and at present most improbable, change of heart on the nuclear front. Even in countries which function more smoothly than Italy, power stations take some years to build. But time is pressing. For energy demand is closely related to the performance of the economy, and the goal of steady growth of around 4 per cent implies an extra 6 per cent of electricity a year.

Because of Italy's dependence on imported oil, the reasons for it going nuclear are stronger than for almost any other advanced economy. The hold-ups are part environmental, part political and part bureacratic.

If the difference has to be imported, Italy could again find itself in the sort of balance of payments trouble that in the past has brought the economic machine grinding to a halt. On the other hand, ENEL has estimated that even the scaled-down target of 8,000 MW of nuclear *power, whose construction by* 1985 has been approved by the Government's senior economic policy body, would save £500m.

Such worthy considerations have unfortunately left the growing anti-nuclear lobby unimpressed. In Italy as elsewhere opposition stems from a mixture of local resistance, which has led to inordinate wrangles over the precise sites of particular stations, and the radical, environmentalist Left. Indeed much of *the most vociferous running* has been made by the quixotic Radical Party, led, until it chose a French national as its new secretary, by Sig. Marco Pannella, with the intellectual support of backers such as Sig. Aurelio Peccei, founder of the Club of Rome and celebrated for his dismal prognostications of a world polluting itself to death.

Inevitably, the argument has spilled over into the political sphere—and particularly since the non-aligned Left did rather well in last month's local elections in Trento and Alto Adige. With suspiciously indecent haste the Socialist Party, which stands lose from any advance by the Radicals, has been trumpeting its own doubts over nuclear energy.

But a much wider threat has emerged with an attempt this week by Sig. Pannella and his colleagues, backed by Sig. Peccei, to force a national referendum on the Government's nuclear plans, by seeking to repeal a 1975 law which sought to govern siting of the plants. Sig. Franco Viezzoli, president of Finmeccanica, the group in charge of much of Italy's would-be civil nuclear industry, has stated that such a step would only accentuate the risk of a series of genuine blackouts.

The *environmentalists* naturally retort that this is mere bluster, and blackmail to force the politician's hand. ENEL only operates at 75 per cent of its theoretical capacity, they insist, while vast scope exists for energy saving. Measures along these lines would allow time for less objectionable sources of power to be developed. But are these options really open to Italy?

In fact, consumption of electricity per head is on the low side by the standards of comparably advanced countries, and ENEL is already running an advertising campaign to try to lower wasteful use of energy by industry and households. As for alternative sources, these do exsit, but not yet in quantities to offer a long term solution to the country's dilemma. Exploration under way, on and off-shore around Italy may yield some useful oil and gas finds, but nothing remotely compatible with the North Sea.

Coal imports might be stepped up, and there is room for *increased output of hydroelectric* energy. It is worth noting, however, that last year's record hydroelectric contribution to the total supplies, of 37.3bn kWh was due to exceptionally heavy rainfalls in northern Italy. Such climatic aid cannot be expected every year. As for solar energy, this remains strictly a curiosity, *albeit a promising one, for the* foreseeable future.

In its 1975 plan, aimed at reducing Italy's dependence on oil from 73 per cent of requirements to 55-60 per cent by 1985, the Government accepted that nuclear energy offered the only realistic escape route.

Be that as it may, that 1985 target is beginning to appear somewhat remote. Enel looks poised to join the lengthy list of Italian agencies and institutions that are fated to operate at or even beyond their notional limits. Blackouts or no blackouts, the nuclear argument clearly has a long way to go.

Pinto looks to next hurdles

BY JIMMY BURNS IN LISBON

"WE HOPE that we can at last begin to face the challenge which has been imposed by our national crisis," said Sr. Carlos Mota Pinto, the Portuguese Prime Minister, after his government survived its first major parliamentary hurdle last night.

After a five-month government crisis brought on by the collapse of the Socialist-Christian Democrat alliance, optimism is hard to come by in Portugal and Sr. Mota Pinto's spirit must still be tempered by the facts.

The voting at the end of the gruelling five-day debate on the Government's programme indicates how precarious still is the country's fourth constitutional government.

A Communist motion of rejection was defeated by 109 votes to 45, thanks to the common defence of the Government by the right-wing Social Democrats (PSD) and the conservative Christian Democrats (CDS). The Socialists, however, Portugal's major parliamentary party, opted for an ambiguous abstention.

For a Government of independents without a formal parliamentary base, support from the PSD and the CDS does not guarantee survival. Overshadowing the new Administration is the threat of the Socialists joining with the Communists in a future parliamentary vote either to block legislation or to defeat the Government on a vote of confidence.

Before the middle of next year clearly the new Government—the tenth since the military coup of April, 1974—will have to face further hurdles in Parliament.

Among the first will be the budget for 1979 which has already become a pressing issue. The present budget deficit is estimated at about Es80bn ($865m), or roughly 8.6 per cent og GDP, which is outside the limits imposed by the International Monetary Fund (IMF) in the spring.

According to the Portuguese "letter of intent," the overall deficit of the public sector should decline to 6 per cent in relation to GDP by next March.

A team from the IMF is due in Lisbon next month and the decisions it is expected to force on the Portuguese Government will have to be debated by Parliament.

The Mota Pinto programme, though much shorter than its predecessors, is nevertheless not lacking in ambition, and clearly implies an intention to play more than a stop-gap role. To a large extent it emphasises the broad policies of previous administrations, while promising to do more than just talk about them.

The linchpin of the Government is clearly Sr. Jacinto Nunes, the Minister of Finance, who will divide his functions within the Ministry with that of Vice-Premier Sr. Nunes is expected to rationalise decision-making, co-ordinating the activities of the Bank of Portugal wth that of the Ministry of Finance.

After the political interruptions of the past few months the business and banking community is crying out for a measure of continuity at Ministerial level. "We are tired of having to confront a different face every time we want to make an important decision," one Portuguese entrepreneur confessed recently.

The chances of the administration remaining in power until 1980, when the next elections are due, are linked less to the country's economic problems, however, than to the political situation.

What appears to be the best guarantee for more stable government — a new interparty agreement — is now more remote than ever. The broken marriage between the Socialists and the Christian Democrats is beyond reconciliation. This was admitted by the CDS at its national congress at the weekend when the leadership ruled out any further Centre-Left alliance.

More serious is the declaration by Sr. Mario Soares and the Sr. Francisco Sá Carneiro, leaders of the Socialist and Social Democrat parties respectively, that they will not participate in government until after the next elections, whether these come in 1980 or before.

Theoretically, an alliance between the PSD and the CDS would appear the most likely outcome, but this would almost certainly result in a popular front with the Socialists and Communists holding a new government to a stalemate.

The continuing failure of the political parties to mend their differences means that there is, in effect, no alternative to Sr. Mota Pinto's administration than the convening of an early election.

On that account, Portugal's third constitutional government will need to steer carefully in the coming months while the politicians make up their minds as to whether to take the risk.

Speaking in the last hours of yesterday's debate, Sr. Soares stressed that his party was not afraid of an early general election.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $205.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Sharp fall in East German escapes across the border

BY LESLIE COLITT

BERLIN — The number of East Germans escaping directly to West Germany across the mined frontier has fallen the most sharply since the Berlin Wall was built in August, 1961. In the first 10 months of this year only 384 East Germans managed to escape to West Germany across the border compared with 721 in all of 1977.

However, another 2,896 East Germans escaped to West Germany by other means up to November 1, a figure which includes persons who fled via other Communist countries and who escaped while on business or official trips to neutral or Western countries. This represents a slight rise on the figure of *3,356 in the whole of 1977.*

These statistics, compiled by the West German Government, include East Germans smuggled out in Western vehicles using the East German Autobahn routes between West Germany and West Berlin. A large number of these Autobahn *escapees* were being brought out for a high fee by professional escape organisations in West Germany.

In recent months the East German authorities are said to have infiltrated these organisations with informers and the East German Government news agency issues daily reports of professional West German "human smugglers" arrested in East Germany. Word has got around in both parts of Germany that attempting to get out an East German through one of the escape groups is a risky affair indeed.

West German Government sources say that other factors contributing to the drop in the *number of escapes* across the border are the constant perfecting of the anti-refugee minefields, metal screen fences and self-firing shotguns. Also fewer East Germans are willing to take the enormous risks of escaping across the border when they see an increasing possibility of emigrating to West Germany less dangerously.

A growing number of East Germans are being rejoined with their families in the West, including engaged and married couples where the Eastern partner previously had no other alternative but to attempt an *escape to the West.* Other East Germans who are persistent in making known their opposition to the East German Government are arrested and after serving a few years in prison are bought free by West Germany.

This year over 1,000 East Germans are expected to be released to West Germany after serving political sentences for making known their views and for attempted escape. They have been bought out with West German funds for fees ranging from DM 30,000 (£8,100) for a worker to DM 125,000 for a physician or scientist.

Norway to probe offshore costs

BY FAY GJESTER

OSLO—Norway's Oil and Energy Ministry is to set up an independent inquiry into the reasons for the steep rise in the offshore oil industry's development costs, Mr. Bjartmar Gjerde, the Oil Minister, told the Storting (Parliament).

He made the announcement after the three largest opposition parties had tabled a joint request for an independent probe into North Sea costs. By agreeing, the Minister averted a confrontation with the opposition. It had been rumoured previously that he might refuse an inquiry and threaten to resign if the proposal were approved.

Instead, Mr. Gjerde announced plans for a series of cost studies even more comprehensive than the opposition had requested. The independent experts will analyse costs on every project so far carried out in Norway's sector of the North Sea.

Statoil, the state oil company, will be required to conduct a parallel study, and Mobil, operators on the Anglo-Norwegian Statfjord Field, will be asked to supply a detailed report on their experiences with the field's first two platforms, Statfjord A and B. The A platform is nearing completion, while work on Statfjord B is only just starting. Estimates for both platforms have had to be steeply increased several times.

The Minister's announcement came at the end of a day's debate on oil topics, including Statoil's operating plans and a recent Government White Paper on the reasons for last year's blow-out in the Ekofisk Field.

The question of opening Norway's northern waters to oil exploration was raised by some MPs, in view of the Government's claim that offshore accident and pollution preparedness has been considerably improved since the blow-out. Plans to move north were postponed after the Ekofisk accident, but are expected to be put forward again early in the new year.

Mr. Gjerde said the Government would consider the views expressed during the debate but gave no details of plans for northern drilling.

One MP said the time was not ripe to begin drilling north of the 62nd parallel, claiming that the White Paper on the blow-out showed up the inadequacies of safety and preparedness on Ekofisk. It was still far too early to undertake "such a hazardous extension of oil activity."

Threat to Danish energy

BY HILARY BARNES

COPENHAGEN — The chairman of the Danish Trade Union Congress, Mr. Thomas Nielsen yesterday threatened to stop power stations and the distribution of oil and petrol by calling out the workforce if collective wage negotiations break down this spring. The two year collective agreements expire on March 1.

He told a union conference that the country would not be able to withstand stoppages of energy supplies and the Government would be forced to intervene. The unions would insist on having a hand in any solution worked out at political level.

Mr. Nielsen has thus stepped up the conflict between the unions and the Social Democratic-Liberal coalition Government. The formation of the coalition in August was opposed *by the TUC, and opened a deep* split between the Social Democratic party and the union movement, and more specifically between Prime Minister Anker Joergensen and Mr. Nielsen.

The determination of the TUC leader to force political intervention in the wage negotiations has to be seen as part of his effort either to topple Mr. Joergensen and break up the coalition, or to force the coalition to concede union demands.

The TUC is insisting that the price for its co-operation on incomes policy is the introduction of a scheme for compulsory wage-earner co-ownership in industry via a union controlled central fund.

The Government meanwhile has said it will not intervene in collective wage bargaining in the private sector. Governments have done so before, but ministers argue that responsibility for the agreements must be returned firmly to the labour market. With the Liberals adamantly opposed to the TUC's co-ownership scheme, it would in any case be difficult for the coalition to agree on the terms of a settlement

Italian bid for EMS compromise

BY RUPERT CORNWELL

ROME — It was still uncertain last night whether Italy's political parties could reach a compromise that would avoid a fatal split between the ruling Christian Democrats and the Communists over the decision to opt for full entry into the European Monetary System (EMS) from January 1.

The *formula* being canvassed was that the minority Christian Democrat Government of Sig. Giulio Andreotti would present a two-part motion to Parliament for the key vote on the Prime Ministers' unexpectedly blunt announcement on EMS on Tuesday.

The first part, in which every party in the parliamentary majority will be able to join in a *show of unity, would set out* the fundamental Italian choice to work towards fuller integration of the Common Market.

However, on the second section, which would commit Italy to participation in the EMS from its outset, the Socialists were expected to abstain, preferring a step-by-step process of integration.

The decision of the Socialists was announced yesterday afternoon, but Communist deputies were still meeting in the evening to decide what course to adopt but with a strong likelihood they would vote against early entry. In principle, the party favours the EMS, but is demanding greater transfers of resources to Italy from richer EEC countries than anything *Sig. Andreotti has yet obtained.*

Abstention by the two main Left-wing parties would still leave the Government with a big paper majority in favour of entry, thanks to the support of the smaller Republicans, Social Democrats and Right-wing groups alongside the Christian Democrats.

It would also represent another skilful piece of tactical manoeuvring by Sig. Andreotti who is under attack from a vociferous section of his own party for apparent weakness in his handling of the Communists.

The Prime Minister has clearly calculated that the Communists would be reluctant to vote against the EMS for fear of laying themselves open to charges *of* being anti-European, *even though their leadera have* stressed in the last few days that they are firmly in favour of the EEC's further development.

However, should they decide to vote against Sig. Andreotti, this might spell the death of his administration which only survives with the parliamentary backing of the Communists.

Earlier in the day, the Prime Minister and Sig. Filippo Maria Pandolfi, the Treasury Minister, met leaders of the Socialists, Communists, Republicans, Social Democrats and Christian Democrats *in* an effort to work out a compromise. But there was no indication afterwards that Sig. Andreotti had made any specific new concessions that might have won over opponents of early *Italian membership of the EMS.*

French steel 'recovery in 1980'

BY DAVID WHITE

PARIS — As French steelworkers received confirmation of *stinging cutbacks, the two com*panies which form the core of the industry said they were confident the measures would set them back on their feet in two years' time.

Usinor-Chatillon, a group formed by a merger of the second and third largest steel producers after the French *Government's effective takeover* in September, has given details of plans to axe 12,000 out of its 44,000 jobs.

The announcement, which brings to more than 20,000 the total job losses in the groups now under control of the State *and* the *big* State-owned banks, brought a predictably vociferous reaction from unions and Opposition parties, including M. Georges Marchais, the Communist Party leader.

The unions have not yet decided what action to recommend. The Usinor cutbacks are concentrated in the region of Denain and Valenciennes in Northern France and at Longwy in Lorraine, where expansion plans have been abandoned.

Instead, Usinor will concentrate on its modern installations at *Dunkirk and a Chatillon* complex at Neuves-Maisons on the Moselle.

The 8,500 jobs being cut by the second largest steelmaker, Sacilor-Sollac, are all in Lorraine and amount to almost a third of the workforce. A company spokesman said yesterday the cuts would be spread through its plants in the region and there would be no major closures.

M. Claude Etchegaray, new chairman of the Usinor group, said he was forced to make the cutbacks even though the Government steel plan had relieved the company of its debt charges. Both parts of the group were making regular monthly losses.

But he forecast that in 1980 Usinor would show a positive cash flow and in 1981 he able to cover its depreciation costs. In a television interview, he added that no further redundancies were planned after the 12,000, which are due between spring next year and the end of 1980.

Usinor is planning an accord with the Belgian Cockerill steel group to supply Usinor's rolling *mills at Longwy which are being* kept going. M. Etchegaray said Usinor was maintaining a capacity of 9m-10m tonnes of flat rolled steel for a production of 7m tonnes, perhaps 7.5m tonnes, next year.

The Sacilor group said the latest measures were definitive and that in 1981, when the cutbacks would be completed, the group expected to be able to maintain production at a competitive level.

Some 6,800 jobs are being axed at Sacilor itself, formerly the empire of the De Wendel family, and 1,700 at the flat rolling mills of its associate Sollac.

The latest programme follows the loss of 16,200 jobs under a two-year programme expiring next spring, which leaves the industry with a workforce of about 140,000. The companies have invited unions to sign a pact on the latest measures. Only one union, the moderate Force Ouvriere, put its name to the last package, against the opposition of the industry's two dominant union bodies, the CGT and the CFDT.

Good news (and bad) on duty-free

By Giles Merritt

BRUSSELS — Peripatetic residents of the UK, Ireland and Italy are to get a surprise Christmas bonus from the Common Market. The Brussels Commission will shortly disclose that duty-free allowances for those countries are to be more than doubled. Britain, for instance, will be raising its allowances on goods from the present £50 to £120 in the New Year.

In keeping with the festive season, the amount of wine that all travellers between EEC countries can transport without paying duty is being increased to 4 litres.

So much for the good news. The bad news is that the EEC Commission is pondering the idea of shutting down Europe's duty-free shops. There is a strong lobby inside the Commission that is opposed to such shops, arguing that not only do they contravene the Community's taxation regulations on VAT but also that they make excessive profits.

Iran oil output down to 1.1m barrels

By Kevin Done, Energy Correspondent

AS MUCH as 155m barrels of crude oil production have been lost since the end of October as a result of the turmoil in the Iranian oil industry.

Production by the Iranian Oil Participants, the consortium of western oil companies which accounts for about 90 per cent of Iranian crude oil output, is now down to the lowest levels recorded in the first week of November when the initial wave of civil unrest in Iran was a its peak.

Production yesterday totalled some 1.1m barrels compared with normal production through the year of 5.0m barrels a day. Exports were down to 600,000 barrels as against a normal level of 3m barrels.

The panic evident at the beginning of November, however, when prices of refined products in Europe rose dramatically has not yet been repeated. Most oil tradesr report weaker prices over the range of oil products. Prices for naphtha, the petrochemical feedstock, have fallen back from the level reached a couple of weeks ago of nearly $200 a tonne, although it is still the most actively traded product.

The oil industry believes that the consuming countries are unlikely to notice serious effects in the retail oil markets as a result of the continuing Iranian cut-back.

Stocks at the end of October were normal and most countries were carying sufficient oil to meet demand for as much as 75 days.

The cumulative loss of Iranian productio namounts to a little more than three days of total world oil supplies. As supplies are not evenly balanced in all countries this could start to cause some trouble in individual oil markets next month as there is a reduction in the arrival of new supplies.

Rhodesia likely to request Pretoria help after oil fire

BY QUENTIN PEEL

JOHANNESBURG — South Africa is likely to be under considerable pressure to make up Rhodesia's badly depleted oil stocks after fire had raged for two days in Salisbury's guerrilla sabotaged fuel depot.

South Africa has said it will not touch its strategic stockpile of 40m to 60m tonnes, according to Mr. Chris Heunis, the Minister for Economic Affairs. Observers believe it would be unlikely to change that policy to help its beleaguered neighbour.

Rhodesia's oil consumption is fractional compared with South Africa's 320,000 barrels a day and oil industry sources do not believe the fire will cause any immediate problems. Petrol restrictions in South Africa have meant that the suppliers here are currently undersold, and have been actually producing a surplus of petrol, although diesel supplies are fully accounted for. Latest estimates of commercial stocks of fuel put them at more than 90-days' supply.

South Africa's commercial stocks of oil, estimated at between 60 and 80 days' supply, are already under pressure because of the disruption of Iranian oil supplies, which make up more than 90 per cent of all South African imports.

The Government's strategic planners have been involved in investigating alternative sources of supply since the unrest in Iran began. But so far the authorities have restricted themselves to regular exhortations to the general public to conserve fuel — repeated again yesterday by Mr. Heunis. Supplies are still arriving from Iran, and some 80,000 tons of crude are expected to be landed in Cape Town this week.

In discussions with the oil companies about how to meet the Iranian crisis, Mr. Heunis made it clear that the strategic stockpile, estimated at between 40m and 60m tons, was not to be touched. In the present climate of sanctions threats at the UN, the South African Government is determined not to appear vulnerable, by running down its emergency reserves.

Most of Rhodesia's oil supplies are now believed to come from the Natref refinery in the Transvaal, majority owned by the Sasol State Oil Corporation, with the National Iranian Oil Company holding a minority interest. The size of any direct supply agreement between the NIOC and the South African Government, in return for its share in the refinery, is classified information. However, petrol supplies in South Africa depend on an effective pooling arrangement, with the coastal refineries making up any shortfall inland. So Rhodesian supplies are not specifically earmarked, but depend rather on the overall supply situation in the Republic.

One factor which could ease the immediate crisis is that imports have been boosted in recent months, as the oil companies have built up heavier commercial reserves before the expected price rise.

S. African economy slows down

BY BERNARD SIMON

JOHANNESBURG — As the South African authorities come under growing pressure from the business community to stimulate the economy further, the Reserve Bank has produced evidence that the economic upswing which began at the end of last year is petering out.

According to the Bank's latest quarterly bulletin, real gross domestic product declined "moderately" during the third quarter, following a marked expansion during the first six months. The bank says that in the first nine months of 1978, real GDP was about 2.5 per cent higher than in the same period last year.

Particularly disturbing has been a further sharp fall in fixed investment, which during July-September was at its lowest level for seven years. Although inventories rose for the first time in 30 months, this was attributable to a decline in retail and wholesale sales at a time when manufacturing output was rising.

Thanks largely to the high gold price, South Africa's current account surplus reached a record of R662m (£387m) in the third quarter, compared with R201m in the preceding three months.

This was more than offset, however, by a net capital outflow of R672m, bringing the outflow for the first nine months of the year to R1.34bn, compared with R850m during the whole of 1977.

Nevertheless, since a large part of the net outflow of capital during the third quarter consisted of repayments of short-term loans negotiated to support the foreign reserves, the level of the reserves (net of the reserve bank's short-term foreign liabilities) rose during the quarter by R163m.

Meanwhile, there is no indication yet of when the Government will release the recommendations of the Commission of Inquiry into the exchange rate of the rand, headed by Dr. Gerhard de Kock, the Finance Minister's economic adviser. Although the Minister had promised to release the Commission's proposals and the Government's response to them by the end of December, there are now indications that an announcement may be delayed until the New Year.

Sharp investment rise forecast

BY ROBERT MAUTHNER

PARIS — A sharp increase in French industrial investment in 1979 is forecast by the National Institute of Statistics (INSEE) in its latest survey of companies' investment intentions.

The survey, conducted in November, foresees an investment rise by 15 per cent in value next year, which, given the expectations of an 8 per cent increase in the price of capital goods, corresponds to a rise of 7 per cent in the volume of investment. This compares with the very low level of investment in the current year, when the volume increase in the private sector is expected to be no more than about 1 per cent.

The expected increase in investment is more or less equally spread over the capital goods, consumer goods and semi-finished goods industries. The sectors reporting the biggest investment intentions are the motor, electrical, chemical textiles and cardboard industries.

The November survey substantially modifies the pessimistic forecasts in the previous survey conducted in June, which indicated a rise of 12 per cent in value and a maximum of 4 per cent in volume of investment budgets.

The survey emphasises, however, that the forecasts for 1979 are subject to revision, since the investment intentions have not yet been confirmed by a correspondingly large volume of orders.

Gaullist attacks Chirac

BY OUR OWN CORRESPONDENT

PARIS — The Gaullist Party, which has plunged headlong into a campaign against direct elections to the European Parliament and President Giscard d'Estaing's foreign policies in general, is beginning to show serious symptoms of an internal crisis.

The latest indication that all is not well in the Gaullist fold was a slashing attack last night by M. Alexandre Sanguinetti, one of the oldest Gaullist "barons," on the leadership of M. Jacques Chirac, currently recovering in hospital from a car accident.

M. Sanguinetti, himself a former Secretary-General of the party, accused M. Chirac of concentrating entirely on political tactics at the expense of giving the party a real strategy.

"We are in an intellectual desert," M. Sanguinetti said. "There are no policy debates inside our party comparable to those which take place in the Socialist and Communist Parties."

Announcing that he would no longer give M. Chirac his support, M. Sanguinetti said that the Gaullist leader did not know where he was going. M. Chirac would not go as far as breaking with President Giscard's Government because, although he was opposed to his policies, he was equally anxious not to play into the hands of the left-wing Opposition. And M. Sanguinetti capped his criticism of M. Chirac by calling upon him to start actin gon principle, instead of trying at all costs to become President of the Republic.

If M. Sanguinetti is criticising M. Chirac for not going far enough in opposing the Government, a number of Gaullist MPs apear to consider that their leader is being dangerously impetuous in constantly thwarting the President.

After joining the Communists *in defeating legislation* on the harmonisation of France's VAT system with EEC regulations and on the financing of the forthcoming European election campaign with Common Market funds, ther eare signs of growing uneasiness within the Gaullist Party at this unholy alliance.

Shah's army threatened by desertion and mutiny

BY SIMON HENDERSON AND ANDREW WHITLEY

TEHRAN — Counter demonstrations by supporters of the Shah were held yesterday as the Government met to assess the implications of anti-Shah demonstrations held throughout the country earlier in the week. Meanwhile incidents of mutiny indicate that the loyalty of parts of the Army has become strained.

The need for the Shah to find a politically acceptable replacement for the military-led Cabinet is now known to have resulted in meetings between the Shah and *prominent Iranians up to* last Thursday and these meetings may well be resumed now.

The most serious case of militant disloyalty, apart from reports of widespread desertion, is believed to have been the shooting of officers at the Imperial Guard barracks in Tehran. According to reports given credence by diplomats the incident took place at lunchtime on Monday in the Lavisan barracks near the Shah's palace in the north of the city. A group of conscripts, possibly including junior officers, entered the officers mess and opened fire. Varying numbers of casualties are reported, ranging from 30 injured to 15 killed and 60 injured.

A senior government official *later denied that any such incident took place.*

Witnesses of yesterday's pro-Shah demonstrations were convinced of their genuineness although Western journalists who saw one march in Isfahan *involving thousands of people* quoted local people as saying the marchers had been drafted in from outlying areas and villages by the Army. Two relatively small gatherings in southern Tehran attracted little attention but in a clash with opposition supporters, three people died and five were injured.

Apart from the march, Isfahan was reported undisturbed yesterday despite two earlier days of *anti-Shah protests which resulted* in heavy damage to property before they were put down firmly by the army. A strong military presence continued and drivers were advised to carry pictures of the Shah on their windscreens to save them from being smashed.

Anti-Shah demonstrations are *reported to have continued in* Dezful in the South-West, and at Yazd and a village nearby where the opposition claimed two people died on Tuesday.

Other troubles which must be causing the military concern *include the shooting of the* Governor-General at Hamadan province on Sunday by a soldier and the growing level of desertions. Western experts working with the military in the religious town of Mashad say Iranian *officers there are worried by* desertions. In the areas around the towns Qom and Arak men absent without leave are said to number thousands.

In Tehran 150 soldiers are said to have deserted at the J barracks.

New wave of crime in Lebanon

By Ihsan Hijazi

BEIRUT — Joint patrols of Syrian troops of the Arab peace-keeping force and Lebanese police yesterday began tightening security in the predominantly Moslem west Beirut after a wave of lawlessness during the past two months.

The decision to increase the *patrols especially at night* was taken at a meeting between Dr. Selim al-Hoss, the Prime Minister, Mr. Salah Salman, the Interior Minister, and Col. Sami al-Khatib, Lebanese commander of the Arab force.

Complaints about the crime wave came not only from individuals but from political groups and even the militias centred in the Moslem quarters.

Daily theft of cars, rape, abductions and outright robbery have replaced the factional fighting as the main worry for all Lebanese.

The situation in the predominantly Christian areas of the country is not any better.

Yesterday, unidentified gunmen got away with S£200,000 (£240,000) after holding up a bank official when he left the Central Bank on the main Hamra shopping centre. Other armed men stole an equal amount from *a bank in Chekka in the* Christian-dominated northern part of the country.

Thieves have become so daring that they now stop drivers at gunpoint in the middle of the streets and take away their cars.

Newspapers carry daily announcements about missing persons. *Over 70 such announcements were counted in October* alone.

Last week gunmen abducted the fiancee of a businessman in west Beirut and reportedly raped her several times. There have been frequent incidents of *assault against foreigners and* diplomats.

Last week, the Norwegian Charge d'Affaires, Mr. Hans Longva, suffered multiple fractures in an abortive kidnap attempt by unknown gunmen. Although the would-be abductors held the diplomat at gunpoint on Bliss Street not far from the *American University of Beirut,* he managed to jump into a nearby ditch. The gunmen fled in the diplomat's car.

Some reports said the abductors wanted to disrupt the ceremonies in Oslo where the *Nobel Peace Prize was being* presented to Israeli Premier Begin and Egyptian President Sadat.

Yesterday, an explosion rocked a school run by Maronite nuns at the town of Ibrin about 18 miles north of here. Two mutilated bodies were found on the scene and were believed to be those *of the dynamiters. Ten days ago,* the owner of the most exclusive night club in east Beirut, Mr. George Khoury, was shot and killed by masked gunmen in what was believed to be an extortion crime.

ACDA chief seeks to dispel controversy

By David Buchan

WASHINGTON—Support for a strong U.S. defence posture did not conflict with efforts to reach *arms control agreements with the* Soviet Union, General George Seignious said yesterday at his first Press conference since being appointed head of the U.S. Arms Control and Disarmament Agency (ACDA).

Although Gen. Seignious does not hold the job of top negotiator at the strategic arms limitation talks, as did Mr. Paul Warnke, the previous head of ACDA, he will play a key role in presenting the proposed SALT 2 agreement to Congress. He does not expect this to occur before February, even if Presidents Carter and Brezhnev do meet next month to sign the planned treaty.

Mr. Warnke's replacement by a relatively conservative soldier has been seen as a tactic by Mr. Carter to placate some of the more right-wing opponents *of SALT in the Senate. Gen.* Seignious yesterday sought to dispel some of the controversy surrounding his appointment by wholeheartedly endorsing the SALT 2 pact as "enhancing and improving U.S. security."

He went on to excuse his membership earlier this year of the American Security Council, *a body that has lobbied against* the SALT 2 negotiation, by saying that immediately he had become aware of this aspect of its policy, he had resigned. He was at the time a member at large of the U.S. SALT delegation.

Mr. Carter's decision to put a soldier in charge of arms control has aroused some disquiet among liberal Senators and Senator John Culver is considering tabling legislation to prevent the future appointment of military men to head ACDA. The Senate is in recess at present and will *not consider confirmation of Gen.* Seignious's appointment until next month.

The General headed the Defence Department's military sales and aid programme under the Nixon Administration, which was keen to give or sell to U.S. allies as many weapons as possible to lessen the need for U.S. troops abroad. But yesterday Gen. Seignious said he agreed with President Carter's quite different tactics of reducing U.S. arms sales.

He called the current negotiations on arms restraint with the *Soviet Union, now in progress in* Mexico City, a useful first step. He said it would have to be complemented by restraint by other arms suppliers.

He warned the NATO allies to exercise restraint in selling arms to China for profit or to lower the unit costs of their own arms production. Britain has *been negotiating with Peking to* sell a number of Harrier jets. The general said he could not think of a single NATO member country whose security would be enhanced by arms sales to China.

Mayor appeals to bankers to stop Cleveland default

BY JUREK MARTIN

WASHINGTON — Mayor Dennis Kucinich of Cleveland was yesterday engaged in urgent negotiations with the city's government and bankers on his latest and reportedly final plan to save the city from fiscal default tomorrow.

If Mr. Kucinich, whose year in office has been marked by constant raging controversy, cannot persuade the banks to refinance $15.5m worth of city notes falling due, then Cleveland, the 17th largest metropolis in the country, will become the first *major American city* to go bankrupt since the depression of the 1930s.

His plan is two-fold: to ask the city's electorate to approve in a referendum a 50 per cent increase in municipal income *tax; and to raise an extra $90m* in debt consolidation loans next year. The proceeds of these would also be used to pay off the $40m worth of notes falling due next year.

Mr. Kucinich, who won office on a pledge never to increase local taxation, has *refused to* back down on another critical campaign promise—not to sell *Muny Light*, the loss-making civic-owned electrical utility.

Simultaneously, the Cleveland Electric Illuminating Company, which has won a court judgment over the city's failure to pay for power it has sold to Muny Light, began attaching city property in preparation for default.

The city's business community *and city council president,* Mr. George Forbes, have been demanding that Mr. Kucinich sell Muny Light, to help get the civic finances in better order. But the Mayor has so far refused to budge.

The root causes of Cleveland's problems confront many older industrialised cities. There has been a substantial emigration to the suburbs (the city population has fallen by 15 per cent in the 1970s), a decline in the tax base, a relocation of industry away *from the city*, and heavy pressure on social services to meet the needs of the increasingly poor and black remaining population.

However, Mayor Kucinich's remarkable performance in office has been the dominant theme in the city for the last year. A populist who has placed extremely young and inexperienced *associates* in high places in the city government, he has managed to alienate much of the Cleveland establishment. In August, he survived a recall election by only about 250 votes.

There seems at this stage little chance *of the federal* Government helping to bail out Cleveland, as it did New York. However, an interim solution may possibly be found. Whatever is worked out, it will almost certainly cost Dennis Kucinich his job, *either before or at the next* mayoral election in a year's time.

Beagle Channel negotiations fail

BY ROBERT LINDLEY

BUENOS AIRES—The promised communique on meetings here between Sr. Carlos Pastor, *Argentina's Foreign Minister,* and Sr. Hernan Cubillos, Foreign Minister of Chile, has failed to materialise. The talks are also understood to have failed in their purpose, which was to try to agree on a mediator for the Beagle Channel boundary dispute.

A communique released last night by Argentina's Foreign Ministry, simply said the talks had been "cordial." The Chilean Foreign Minister returned to Santiago yesterday.

It is unlikely that there will be further direct negotiations on the dispute, which threatens to *provoke a war. The Santiago* daily El Mercurio, which often *acts as a spokesman for President* Pinochet's regime, yesterday ventured the opinion that Chile will not agree "to continue direct negotiations nor to accept a conditioned *mediation.*"

Argentina agreed to Chile's mediation proposal, but only "under certain conditions."

The "Military Committee"—made up of the President, Gen. Jorge Rafael Videla, and the three members of the military Junta—went into a marathon session in Government House yesterday, to decide on Argentinas' next step in the Beagle dispute. An Argentinian armed attack on some of the disputed islands, at the tip of South *America, is not ruled out.*

In Washington, Mr. Gale McGee, U.S. Ambassador to the Organisation of American States (OAS), proposed that the OAS consult both Argentina and Chile, "urgently offering them international co-operation," should direct negotiations fail to resolve the border *dispute.*

Row over the Amazon basin

BRASILIA—Government plans to sell exploitation rights to foreign companies for rich Amazon tropical woods have touched off a national debate *here about Brazil's main natural* resource — the Amazon river basin.

The plans were not made fully public until the Liberal newspaper, Folho de Sao Paulo, put the story on its front page recently.

Government technicians had reached the conclusion that the complex Amazon rain forest, with its thousands of plant species and its nutrient-poor, *easily exhausted soils, could be* exploited commercially without upsetting the environment, the report said.

The original pilot project, planned by the Brazilian Institute for Forest Development (IBDF), was for the exploitation of 385,000 acres of a federal forest reserve called Tapajos, in the northern State of Para.

Senior members of the Government, including Sr. Alysson Paulinelli, the Agriculture Minister, Sr. Joao Paulo dos Reis Velloso, the Planning *Minister*, and a *spokesman for* President Ernesto Geisel, denied knowledge of the project. But IBDF *officials* confirmed they were hoping to begin the forest exploitation project with foreign capital in the near future.

Officials reasoned that the world supply of tropical woods was being exhausted, particularly *in south-east Asia, which supplies* 85 per cent of the world market. Brazil, it was thought, could step into the breach—exploiting its Amazon resources and earning foreign exchange while at the same time protecting the rainforest environment.

The conclusions were based on the studies of foreign experts *on loan to the* Brazilian Government through the Rome-based Food and Agricultural Organisation, according to newspaper reports.

The Amazon is the world's last giant forest preserve—4.9m sq kilometres, about the combined size of Britain, Spain, France, Italy, East and West Germany, and Yugoslavia. It produces 15 per cent of all the fresh water which rivers pour into the *world's daily.* It is believed, though not proven, that the ecosystem of the Amazon river basin is essential to the stability of the earth's environment.

Sr. Magalhaes Pinto, a veteran Senator and the major stockholder in the nation's fifth largest bank, recalled earlier attempts at foreign intervention *in the Amazon* when he was Foreign Minister in the 1960s. He said one plan envisioned 20m Japanese colonists in the Amazon, and another, created by America's Hudson Institute was to flood the river basin to make a giant lake, Sr. *Pinto said* he had vetoed both.

Most of the information now being gathered about the Amazon comes from satellite and radar photography.

Said Sr. Frota Neto, the reporter who originated the newspaper expose, "the idea is premature. Things have to move *slowly because we are still very* much in the dark about how the Amazon actually works."

AP

Mood to jail Gandhi grows

By K. K. Sharma

NEW DELHI—Tension mounted *here following a strong attack by* Mrs. Indira Gandhi, former *Prime Minister, on the ruling* Janata Party during a debate in the Lok Sabha (lower House of Parliament) on a Privileges Committee report holding her guilty of breach of privilege of the House.

In a prepared speech, Mrs. *Gandhi denied she had committed* any breach of privilege and accused the Janata party of trying to convert the House into a "medieval star chamber." Her speech was repeatedly interrupted and it became clear that *the mood of the Janata Party is* to punish Mrs. Gandhi severely by imprisoning her.

This was, in fact, the consensus when the Janata parliamentary party met yesterday morning to discuss Mrs. Gandhi's punishment. *Since* an overwhelming majority of the members wanted stern action, it *is thought that Prime Minister* Morarji Desai will ask the Lok Sabha to imprison her.

The Privileges Committee report holds Mrs. Gandhi guilty of harassing officials gathering information on her sons' car *company. The debate has been* extended until tomorrow.

The Lok Sabha has the powers to imprison Mrs. Gandhi. But a number of other parties, including the Janata's allies, feel that imprisonment of Mrs. Gandhi on a charge of contempt of the House would give her a martyr's halo and add to her popularity in the country. For this reason, they have suggested temporary suspension of her membership.

New move to end impasse in Middle East talks

BY DAVID LENNON

JERUSALEM—Israel faced crucial decisions as Mr. Cyrus Vance, the American Secretary of State, flew in yesterday with *new ideas for resolving the* impasse in the Middle East peace negotiations.

After a preliminary meeting with Prime Minister Menahem *Begin and the Israeli Foreign* and Defence Ministers, a spokesman for Mr. Vance said he would be prolonging his stay in Jerusalem.

The American mediator worked out new ideas, overcoming the stalemate *in the talks,* during three days of discussions in Cairo. Yesterday he presented *them to Israel, which is already* feeling the heat of American pressure to conclude the negotiations by the weekend.

The sticking points are Israel's refusal to set a time-table or target date for implementing *self-rule for the Palestinians of* the occupied West Bank and Gaza, and Egyptian second *thoughts about giving a treaty* with Israel priority over agreements with other Arab states.

Unconfirmed reports have it that the Cairo compromise is for a series of letters to be amended to the draft peace treaty worked out in earlier talks. These apparently would allow each side enough leeway on the proble*matic issues to calm their own* critics.

On arrival in Israel, Mr. Vance said that the negotiations "are now in their final stages." After the first meeting with the Israelis, he said he honestly could not say if agreement could be reached by this Sunday, the December 17 deadline set for the talks at the Camp David summit.

Israeli officials were angry and disturbed by the latest pronouncements out of *Washington,* which appeared designed to pressure Israel to be more forthcoming in the talks.

President Carter's reiteration of the importance which he attaches to the December 17 deadline is seen here as unnecessary pressure to conclude rapidly the peace agreement.

Even more serious, in Israeli eyes, was the declaration by Mr. Robert Byrd, the Senate *Majority Leader, that U.S. aid to* Israel would be dependent upon a halt to new settlements on the occupied West Bank and the granting of meaningful self-rule to the Palestinians living on the West Bank and Gaza Strip.

L. Daniel adds from Tel Aviv: Israel has scaled down its request for extraordinary U.S. aid to finance the withdrawal of its forces from Sinai and the construction of new bases and airfields in the Negev desert. By eliminating the request for $305m for relocating civilian settlements the Israelis are now looking for $3bn in addition to the "normal" request for $2.3bn in economic and military assistance. This is usually scaled down by $500m.

The Treasury here fears that the planned construction projects will overheat the economy and add to inflation currently running at an annual rate of 50 per cent.

CAMBODIA AND VIETNAM

Border war enters crucial stage

BY NAYAN CHANDA IN HONG KONG

THE BIRTH of a pro-Hanoi National Salvation Front of Khmer insurgents pledged to oust the Pol Pot regime and intensified Vietnamese military pressure against Cambodia has brought the year-old Cambodia-*Vietnam conflict to a new, and* perhaps decisive, stage.

Western intelligence reports refer to a massive deployment of Vietnamese troops along the border with Cambodia and the beginning of a military drive by Hanoi towards the Mekong River town of Kratie in eastern Cambodia. There were also *indications that at China's* urging, Pol Pot was preparing for an eventual abandonment of Phnom Penh to wage a "protracted war" from the countryside.

Western analysts watching the Cambodian scene say that there is as yet no threat to the virtually unpopulated capital of Phnom Penh nor is there enough evidence of the "uprisings" which Hanoi claims have been taking place all over Cambodia.

But in view of the heavy casualties already suffered by Cambodia's tiny army of 100,000 *and the weight of the Vietnamese* military machine facing it, a combination of strong military pressure and growing political disaffection among the population through the newly established front can bring Pol Pot regime *to the most serious crisis* of its existence. Although observers are wary of calling the current spate of fighting as the beginning of the much-awaited "dry season offensive" by Vietnam, there is an emerging con*sensus that coming weeks would* prove decisive for the Pol Pot regime.

The announcement from Hanoi on December 3 that a Kampuchea (Cambodian) National United Front for National Salvation (KNUFNS) has been set up "somewhere in the liberated area" of Cambodia did not come as a surprise. As early as March this correspondent was told by a senior Hanoi official that if Phnom Penh did not change its policy "the regime will be changed by the Khmer people." Since June, the Khmer language transmission of Radio Hanoi has broadcast a *series of appeals for* uprising against the Pol Pot Government in the name of dissident Khmer leaders, many of whom including the Front President, Heng Samrin, now figure in the 14-member Central Committee of the KNUFNS. Although the move could be seen coming, the decision to announce the Front to the world *is seen* by observers as an indication that Hanoi is irrevocably com*mitted to a change of regime in* Cambodia.

For quite some time Western analysts have speculated about Hanoi's attempt to form a Khmer insurgent army from defectors, refugees and Cambodian *prisoners of war present in Vietnam.* With the announcement of the KNUFNS and the "Kampuchean Revolutionary Army" the stage now has been set for the second round of civil war in Cambodia. And the Front pro*gramme provides a legal frame*work of sorts for a decisive military role for Vietnam in the war by calling on all countries to give KNUFNS active support and "assistance in all fields."

An editorial in the Vietnamese party daily Nhan Dan hailed the Cambodian front whose struggle has become "part of the inter*national revolutionary struggle*" and was sure to win victory "with the great support of the forces of revolution."

The KNUFNS has been condemned by China as a "counter-revolutionary organisation" and Phnom Penh has *understandably* dismissed it as Hanoi's "puppets," while underlining the fact that the Front provides a "cover" for Vietnamese military thrusts into Cambodia. Many observers are, however, reluctant to dismiss the insurgent front and its programmes. A Hanoi-based diplomat says that despite Phnom Penh's bitter propaganda *against* the Vietnamese, many Khmers might see hope in the programme of the Hanoi-backed front. The diplomat argues that the 11-point programmes of the KNUFNS, which among other things *promises* people a return to their native places, reintroduction of currency, market and *ownership of personal effects* and restoration of education, religion and free choice in *marriage*, is likely to strike sympathetic chords in Cambodia.

To underline the seriousness of the Front's ambitions to restore religion, a Buddhist monk has been named a member of the Front Central Committee. *The South Vietnam National* Liberation Front, which was set up by the Vietnamese Communists, also includes Buddhist and other religious personalities in the organisation.

Some observers who see the *potential in the Front programme* for spreading disaffection, are however doubtful as to how it could reach the peasants in the isolated and tightly controlled communes. They speculate that the political propaganda *may have to follow rather than* precede a military campaign launched by the Vietnamese and their insurgent allies. In the traditional counter-insurgent strategy of winning "hearts and minds," military pressure may be *accompanied by some material* reward. A recent report by the Front's news agency said that the leaders of the Front visited "liberated areas" and distributed clothes to the villagers.

The fact that propanganda among the population can basically be attempted after the elmination of Phnom Penh *security apparatus by the Viet*namese firepower may make the insurgent task very difficult. One reason why the small Khmer Rouge army has so fiercely fought against the Hanoi forces is their deep-rooted anti-Viet*namese feeling—which is also* fairly widespread among the population. By taking a higher profile in fighting the Khmer Rouge, the Vietnamese may provoke more antipathy for its insurgent allies and somewhat devalue their *attractive programme.*

THE CAMBODIAN Premier Pol Pot has for the first time admitted to foreign journalists *that his army may have to* concede territory to a major Vietnamese invasion and defend the country only by adopting guerrilla tactics, Richard Nations reports from Bangkok.

"We are prepared to fight a protracted war, on whose basis we build our full confidence in victory and foresee Vietnam's defeat," the Khmer Prime Minister was reported over the New China News Agency as having recently told a group of Chinese journalists visiting Phnom Penh.

In view of anti-Vietnamese feeling in Cambodia as well as of the risk of arousing fear in non-Communist South-East Asia, Hanoi has been very cautious in the use of its massive military superiority. Although Hanoi is believed to have placed about *100,000 soldiers and enormous* quantities of armaments along the Cambodian border, Western intelligence informants say that only a very small number has so far been committed inside Cambodia. They say that so far the Vietnamese have made selective use of their combat-hardened troops and airstrikes to decimate Khmer Rouge troops and handed over administration of the Parrot's Beak and Fish-hook zone to the insurgents.

According to one analyst, the Vietnamese might push up to the Mekong River town of Kratie and eventually let Khmer allies set up a "provisional government" there. Although the ultimate goal is to see a friendly regime installed in Phnom Penh, it is highly unlikely that the Viet*namese forces will make* a direct assault on the capital.

The most likely scenario seems to be the establishment of a "liberated zone" in the Eastern bank of Mekong where the KNUFNS would consolidate its position in the way the Khmer Rouge did with the help of the Vietnamese army in 1970-1971 and then slowly extend its influence on the West Bank and threaten the capital.

During his trip to Phnom Penh in November the Chinese Vice-Chairman, Wang Tunghsing is believed to have made clear *to Pol Pot* that Peking may not be able to help Cambodia beyond giving the needed weapons and advisers. But what the battered Cambodian army needs most is men. So Pol Pot may have to accept initial reverses, abandon Phnom Penh when it becomes indefensible and take to the jungle for a drawn out guerrilla war to bog *down the occupying Vietnamese* force. Last week, while loudly condemning the Vietnamese "hegemonists," Peking indirectly confirmed its decision to stay out of direct involvement.

The Communist Party of Cambodia is *determined*, a *Peking* statement said, "to fight a war of resistance to the finish. Confident of victory, it has made preparations in every field for a protracted struggle." The coming weeks will show whether Vietnam and its Khmer allies will be content with a control over eastern Cambodia or will try to force Pol Pot to become a guerrilla.

Canada tries to slow food price rises

By Victor Mackie

OTTAWA — Mr. Warren Allmand, Canada's Consumer-affairs Minister, is to recommend new measures today to try to slow down the 9 per cent increase in food prices which the Governments expects next year. Mr. Allmand, who will be putting his proposals to the Cabinet, said in Parliament yesterday that he *agreed* with predictions from farmers, food processors and the Department of Agriculture that food prices could be expected to rise by between 8 and 10 per cent in 1979, an improvement on the 14 per cent increase this year.

He was satisfied that food processors and retailers were not making unfair profits. A report by the Centre for the Study of Inflation and Productivity had pointed to high profits in the food industry as one factor behind the *price rises.*

Mr. Allmand said that the Ministry would advise consumers to boycott certain products if their prices appeared to be going up unreasonably.

● The Department of National Revenue has launched a study to determine whether there is cause to proceed against Japanese makers of heavy-duty trucks and off-highway tyres for dumping their products in Canada.

Statistics from the Rubber Association of Canada show that Japanese replacement tyres in 1977 accounted for 30 per cent of the total dollar volume of C$284m of all imported tyres, only a few points below the share held by the U.S. In 1974 Japan held only a 5 per cent share.

Oil store plan faces cutback

WASHINGTON — The Federal *programme for storing 1bn barrels* of oil as an emergency reserve, beset by delays and high costs, may be cut back.

Later this month, President Jimmy Carter will have to resolve a fierce internal debate between his budget advisers, who want to cut the planned Government-held reserve to 750m barrels from 1bn barrels, and his *energy and foreign policy* advisers, who oppose the cut.

AP-DJ

U.S. COMPANY NEWS

Marathon Manufacturing rejects $190m bid by Maremont; National Distillers in $200m takeover; Canadian Government clears Hudson's Bay offer—**Page 28.**

PROPERTY SPECULATION IN BRAZIL

The message gets through

BY DIANA SMITH IN RIO DE JANEIRO

THE OUTGOING Government of General Ernesto Geisel, which hands over to an administration *led by* General Joao Baptista Figueiredo in March 1979, has decreed tax reforms that edge towards more equitable distribution of income in Brazil and take an initial, albeit cautious, bite out of profits on property sales. *Urban property speculation* has made home-hunting prohibitively expensive in recent years.

The reforms, announced less than a month after urban dwellers gave sweeping votes to the opposition (but not enough to ensure *it* a majority in the Senate, Congress or state legislatures), will *take* effect from 1980.

Starting that year, profits on sales of property worth over Cr 4m (£99,000) will be subject to 25 per cent capital gains tax. Each year a property owner keeps the building, the rate of tax will diminish. If he holds on to it for 10 years from the date of purchase, he will not pay capital gains.

This measure is designed to discourage individuals from buying and selling property at large profits and lightning speed. Until now, only "habitual" buyers and sellers, negotiating four or more properties a year, *have been liable to capital gains* tax.

Tax reform will hurt only the highest property-income bracket —but this is not as small as might be imagined in a country with a modest $1,200 annual per capita income. Tens of thousands of urban flats sell for $120 000 or more. There are hints, too, that, with time, the Cr 4m ceiling *will be lowered, extending capital* gains tax to a larger segment of the property-dealing population.

The Government has also increased supertax from 50 per cent to 55 per cent on annual incomes of more than Cr 4m. This supertax will be paid only on the portion of income in excess of Cr 1.41.

Meanwhile, to discourage speculative dealings, short-term operations in Government bonds and Treasury bills will be liable to 10 per cent capital gains tax. To close another loophole, the authorities have reduced permitted deductions *for charity* contributions to 10 per cent.

In a lower income bracket, *citizens of 65 and over* will enjoy full tax exemption on annual incomes of up to Cr *80,000.*

The measures *hint* that the "first enlarge your cake, then slice it more evenly" argument prevailing in policy-making circles for the past decade may be on the wane. Brazil's 1977 gross domestic product was $164bn: in 1976, 39 per cent of the *share* of the national cake went to the wealthiest *5 per cent,* 11.8 per cent to the poorest 50 per cent, and 49.2 per cent to the medium-income 45 per cent of the population.

Gen. João Baptista Figueiredo, President of Brazil.

This compared with a distribution of 34.86 per cent of the national wealth for the richest 5 per cent in 1970—while the poorest 50 per cent received 14.91 per cent and the *middle range* 50.23 per cent.

Industrial and white collar workers' real incomes have improved. Average semi-skilled monthly wages are still unlikely to exceed Cr 5,500 but higher *social benefits have produced real* gains.

On the other hand, despite regular upward wage adjustments, inflation, running at over 40 per cent annually bites into urban wages.

At the most extreme opposites, the high living standards and expectations of urban, well-paid, senior clerical workers or executives contrast starkly with the *life of a northern villager,* subsisting on half of the national per capita income and eating home-grown mandioc (cassava) and beans.

The physical and mental health effects of these subsistence diets worry the health authorities, as does the tendency of urban dwellers in low income brackets with material aspirations to forfeit decent meals, live in near-squalor and buy *superfluous electrical appliances.*

Undernourished mothers producing debilitated babies are still *a major factor in high infant* mortality rates in urban Brazil. These mothers bear more children than their means or stamina can afford. Undernourished survivors swell the "problem" population while the wealthier *middle-classes use birth control.*

The high Brazilian birth rate cuts into economic growth—a spectacular 10 per cent a year before the 1973 oil crisis, now closer to 5 per cent a year. President Geisel's Government has sought to correct long-neglected ills and achieved substantial achievements—except in low-cost housing despite the creation of special funds for this purpose.

Not all proceeds from these funds have made their way to their proper destination. *Instead,* they have been diverted into high-rent apartment building. Rampant speculative building has *been* assisted by rampant profiteering by recipients of subsidised, cheap credit for small businesses or farming enterprises, who shift proceeds from machinery or farm implements into investment property, either *buying and selling at speed,* or retaining and charging cut-throat rents.

It is on this speculative boom that the Government has launched its first, cautious attack. Not only will there be a new capital gains tax but also 10 per cent tax on earnings from rents of over Cr 8,000 a month—the current cost of a diminutive *studio flat* in Rio de Janeiro, unfurnished, with bad plumbing and wiring, and no noise or heat insulation.

Overcrowded, expensive Brazilian cities, even in the less protest-prone north, cast ballots *last month* that were a condemnation of urban distortions and official failure to correct them. The message appears to have been heard.

WORLD TRADE NEWS

$30bn credit need seen for China

NEW YORK — China is likely to need $30-35bn of foreign credits to finance development to 1985, according to Mr. Louis Saubolle, vice-president and Asia representative of the Bank of America.

He told a Press lunch yesterday that China had been discussing the possibility of receiving direct loans from American banks, although no loans have yet been negotiated. China had shown an increased willingness to turn to foreign sources of financing, in both the short and long term.

Mr. Saubolle estimated China's two-way trade would total about $20bn this year, compared with approximately $14bn in 1977. Reuter

Steel castings contract

Steel castings valued at over £750,000 are to be supplied to a Middle East aluminium smelter under a contract awarded to O. H. Steel Founders and Engineers of Sheffield, one of the five foundries of the Weir Group. The contract has been awarded by George Wimpey, a company with a major share in the construction of a new aluminium, power and water complex being built by British Smelter Constructions at the Gulf port of Jebel Ali for the Dubai Aluminium Company.

Pilkington Saudi deal

The largest ever contract for glass reinforced cement has recently been signed as part of a £500m new town project in Saudi Arabia. GRC of Northwich, Cheshire, part of the Pilkington Group, has signed a contract for the design, commissioning and management of a £2m factory to make GRC cladding panels for the 1,800 houses in Tabuk, Saudi Arabia.

Fiat wins Soviet order

Fiat has announced its subsidiary Telettra has obtained an order from the Soviet Union for an L18bn telecommunications network along the new trans-Siberian railway network, Reuter reports from Turin. Telettra has signed a scientific and technical co-operation agreement with the Soviet Union in the electronic switching and advanced transmission sectors.

Dutch strike talks

A threat to Holland's Christmas mail was averted yesterday after public service unions and the Government agreed to negotiations on planning pay curbs, Reuter reports from The Hague.

EEC and U.S. now near to agreement on agriculture

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS—The EEC and the U.S. now appear to be within sight of a deal on agricultural trade, one of the trickiest chapters of the GATT world trade talks in Geneva, with the drafting of a bilateral compromise on the main elements of a new international wheat agreement.

This breakthrough, which follows the collapse of plenary negotiations on a wheat agreement last month, is part of a broader parcel of understandings on agriculture drawn up between the European Commission and American negotiators last week-end.

The package has still to be officially approved by both the U.S. and the EEC. Backing must then be sought from other participants in the GATT talks, notably Australia, Canada and Japan, as well as from the developing countries.

The Carter Administration is apparently satisfied that the proposed compromise as it stands will be acceptable to Congress, though it could run into resistance on the EEC side, especially from the French and Italian Governments.

France, which has been urging the EEC to take the toughest possible line in the GATT talks, has a standing reserve on all the points at issue in the negotiations, which would enable it to block any proposed agreements which it found unsatisfactory.

Italy is concerned specifically about the EEC response to American demands on trade in Mediterranean products, presented in the form of a list of more than a dozen products by Mr. Robert Strauss, the chief U.S. Trade Negotiator.

Though Mr. Strauss has apparently dropped his request for better EEC market access for citrus and almonds, Italy is understood to fear that the Commission has offered too large a concession on U.S. rice exports.

Germany, for its part, has expressed some dissatisfaction with the outline wheat agreement which calls for obligatory stocking when world wheat prices fall below a specified level. Bonn has long maintained that such commodity agreements benefit prosperous, large-scale producers like the U.S. much more than the poorer developing countries.

While the Commission still hopes to extract some further concessions from the U.S. and Japan on industrial tariff cuts during the next week, EEC officials believe that the proposed agricultural package cannot be substantially improved upon.

It is expected to present EEC Foreign Ministers with an overall report on the GATT talks next Tuesday, which, it will probably argue, should form the basis for the Community's final position in the talks.

Textile group concerned

BRUSSELS — Associations representing European Community textile and clothing industries said today that they were "acutely worried" about the latest U.S. tariff-cutting offer for European products in the multilateral trade negotiations in Geneva.

In a note addressed to the European Council of Ministers, the co-ordination committee of European Community textile industries (Comitextil) and the European Association of Clothing Industries (AEIH) said the U.S. offer "systematically departs from the harmonisation formula" under which Europe and the U.S. would make similar concessions.

The associations noted that the U.S. currently applies an average weighted tariff protection rate of 23.9 per cent against 14.4 per cent for the EEC countries. The non-weighted rates amount to 17.6 per cent for the U.S. and 10.4 per cent for the EEC, they said.

They also claimed that the U.S. still applies duties varying from 20.1 to 50 per cent for 58 per cent of its textile imports while, in the case of the EEC, the rate only slightly exceeds 20 per cent in a very limited number of cases. AP-DJ

$667m loans for Algerian gas project

OTTAWA — The Export Development Corporation and the Toronto-Dominion Bank have completed arrangements with 39 banks for loans totalling $667m to Algeria to help finance a natural gas processing plant.

The contract for the plant was awarded to Bechtel Canada an affiliate of Bechtel of San Francisco.

The loan arrangement, which is in two parts, was signed in Ottawa yesterday. One part totals $417m of which the EDC is providing $275m and the banks $142m. The other part involves a $250m loan from the banks.

The EDC said the loans have maturities of 13 years but declined to disclose other terms. AP-DJ

Mexicans diversify oil market

By William Chislett

MEXICO CITY — Pemex, the state-owned Mexican oil monopoly, has started to diversify its markets with this week's agreements on the sale to France after 1980 of 100,000 barrels of crude oil a day and to Brazil of 20,000 b/d after the same date. This will be the first time that Pemex has sold to both these countries.

At the moment, their clients are the U.S., Israel and Spain with Japan showing interest.

The French sale was agreed at the end of a visit to Mexico of the French Industry Minister, M. Andre Giraud and will be for a period of 10 years. The Brazilian sale is for an unspecified time.

Pemex has also signed a contract with the West German firm, BASF, to sell 15,000 tonnes of ammonium.

Exports of Mexican crude oil in November reached 500,000 b/d. Daily production is currently running at about 1.4m barrels and this will be boosted to 2m by 1980 when Pemex feels that it will then be able to export around 1m b/d.

● Sri Lanka will buy substantial quantities of Chinese petroleum products next year to help maintain the balance of trade between the two countries according to the Trade and Shipping Minister.

He listed kerosine, paraffin and paraffin wax as items that Sri Lanka will buy from China to compensate for reduced rice purchases.

UK motor subsidiary faces £67,000 fine

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS — Kawasaki Motors (UK), the British subsidiary of Kawasaki Heavy Industries of Japan, has been fined 100,000 units of account (£67,000) by the European Commission for violating EEC competition law.

In a decision announced yesterday the Commission said that Kawasaki Motors had illegally restricted trade by prohibiting re-exports of its motorcycles to other parts of the Common Market in order to protect higher price levels charged outside the UK, notably in West Germany.

The Commission said that the retail prices charged in Germany for certain Kawasaki models were as much as 73 per cent higher than the price of identical machines sold in Britain.

The fine announced yesterday, which seems intended to set an example, was decided on the basis of a complaint lodged in March last year by a Belgian housewife. She had tried to buy a motorcycle for her son in Britain because prices there were about 30 per cent lower than in Belgium, but was refused the sale.

The principles of the case are similar to those in the Commission's action against Distillers' a year ago. Distillers was found to have breached EEC competition law by refusing to allow "parallel exports" of spirits to other parts of the EEC by independent wholesalers at prices lower than those charged to its dealers on the Continent.

Opportunities in Japan

FINANCIAL TIMES REPORTER

THERE ARE good opportunities in Japan for British suppliers of luxury and high quality goods, according to a report published by the British Overseas Trade Board (BOTB).

The report on the Japanese market said there were opportunities for British manufacturers of leathergoods, clocks, cigarette holders, jewellery, saddlery and pipes, and other high quality goods.

To succeed in Japan a British exporter must, the report stresses, make a substantial degree of commitment to the market. Long-term customer support and the fostering of relationships were vital to continuing sales.

The total market for jewellery is estimated to be around Y700bn-Y800bn (about £2,000m) a year and to be increasing at an annual rate of about 10 per cent.

The 279-page report provides market information on 18 individual sectors ranging from decorative candles to umbrellas. It also has 16 appendices on subjects including sales promotion techniques.

Midland in new scheme for small businesses

By Colleen Toomey

THE MIDLAND BANK yesterday announced an export finance scheme for small businesses under which finance will be provided according to a company's export performance, rather than on the company's balance sheet.

In the case of companies new to exporting, finance will be made available according to their UK trading performance. This means that any overdraft facilities or any existing resources used by the exporter can be used as working capital instead of financing export credit or payment delays.

The new post-shipment export finance scheme is aimed at customers which have only a small or intermittent export turnover and who do not use Export Credits Guarantee Department insurance cover or existing short term schemes supported by ECGD and the banks.

Any customer of the Midland Bank and the British Overseas Engineering and Credit Company, part of the Midland Bank Group, with an exporting turnover of £100,000 or less is eligible for finance under the scheme.

They will be able to borrow 90 per cent of the value of exports, supported by bills of exchange or promissory notes covering the payment from sight up to six months credit.

EAST EUROPEAN TRADE

Hungary reconsiders its export policy

BY PAUL LENDVAI IN VIENNA

HUNGARY has decided to carry out major changes in economic policy related to trade at the start of next year, due to a growing imbalance in its convertible currency external payments position.

Present measures have tended to increase the nominal value of exports, but in the final analysis they have backfired and contributed to the increase rather than the reduction of the balance of payments deficit.

It is now recognised that the present price system is divorced from real costs and this, combined with the complicated structure of State subsidies, has stimulated the production of goods which were sold at a loss abroad.

The new measures start from the premise that the quantitative increase of exports alone does not help restore external equilibrium. This is, however, a vital matter for a country which has to rely on imports to satisfy four-fifths of the demand for raw and basic materials.

It is recognised that the only way to promote the production and export of profitable products, and to cut the manufacturing of obsolete or far too expensive goods, is a general shift in the profit and loss calculations as a yardstick to measure real performance.

It is not just the question of selling goods at a los abroad, but also the often forgotten fact that the imported materials account for 30 per cent of average products. As a result of the artificial and multiple exchange rates, a given unit of imports is calculated at a lower exchange rate in terms of costs than the real exports earnings on the basis of the same unit.

Under such a system, the rise of the import bill increases the nominal profits of the given enterprise since it can only fulfill and overfulfill the plan if it increases its uneconomic exports based on expensive imported materials.

In a country which does half of its aggregate trade on a rouble bais, a realistic and direct case by case comparison of the costs of imports with those of the domestic products or of goods produced for exports is of course impossible, since a truly radical shift to realistic pricing could only take place in close co-operation with the other Comecon member states.

This is the reason why Premier Gyoergy Lazar in an interview of the party monthly, Tarsadalmi Szemle, cautioned that one cannot radically change the structure of production. At issue is not only the stimulation of high-quality exports but also the need to stop production of goods sold at a loss.

The increase of the across-the-board profit tax from 36 to 40 per cent as of next January, coupled with the obligatory rise of the reserves fund from 15 per cent to 25 per cent of the retained profits, should force the State enterprises to improve their efficiency and the structure of their production. The dampening of domestic demand as well as the 4.5 per cent devaluation of the commercial rate of the transferable rouble should also help to stimulate exports to the West.

At the same time, however, State subsidies for the companies affected by the devaluation will not be increased to make up for the losses. This is particularly important for enterprises selling to Western markets, since successful exporters will be able to retain 60 per cent, and in the light and food industry even 100 per cent, of the increase in export prices.

The credits granted by the National Bank for Exports Promotion will be more closely linked to performance in terms of profits calculated in foreign exchange. During the current five-year plan credits amounting to £1.2bn have been allocated for export-orientated production.

In 1979-80, profitable exports will receive further privileges. Companies which undertake to achieve a net foreign exchange intake within three years amounting to the value of the investment in question, will be treated on a priority basis when credits are allocated. The bank can, on the other hand, revoke the fiscal concessions if the borrower fails to fulfil the terms of the contract.

In a number of sectors which base their exports on what is described as "excessively large" state subsidies or where the import content is too costly in terms of convertible currency cost, state subsidies will be drastically cut.

The new measures will serve as a transition before a major modification of the producer prices from January, 1980. The political leadership appears to have realised that central planning cannot remain a pretext for institutionalised charity to uneconomic producers. During the past six years, for example, company profits were rising by 14.3 per cent per annum—but the same figure for the annual rise in State subsidies was 17 per cent.

This year exports to the dollar area should have risen by 13.3 per cent. In fact they dropped by 3.2 per cent during the first half of 1978 and for the year as a whole they are unlikely to show more than a 2-3 per cent rise. In contrast, imports jumped by 12.1 per cent instead of the projected 7 per cent, while industrial output rose only by 6 per cent.

However, the encouragement of initiative, risk-taking, and independence of management and the enterprises may prove to be even more important than the basket of new regulators coming into force next year.

Warrant for Lord Kagan's arrest

BY CHRISTINE MOIR

A WARRANT was issued yesterday for the arrest of Lord Kagan, the Gannex raincoats tycoon who was made a Life Peer in Sir Harold Wilson's Resignation Honours List in 1976.

Lord Kagan is wanted for alleged offences relating to evasion of exchange control regulations.

He is believed to be in Tel Aviv.

Early yesterday morning officials of the Customs and Excise Department and Police arrested Lady Kagan, Lord Kagan's wife; and his son, Michael George Kagan, and three directors of companies within the Kagan Textile Group, Mr. Raymond Kennedy, Mr. Valdemar Ginsburg and Mr. Ibby Ginsburg.

All five appeared at Leeds Magistrate Court yesterday afternoon.

Lady Kagan and the three directors were charged under Section 23(1) of the Exchange Control Act 1947 and Section 56(2) of the Customs and Excise Act 1952.

Michael Kagan was charged under common law with conspiracy to defraud the Queen and the Public Revenue by exporting *denim cloth at an undervalued* price and retaining the profits abroad .

Subsidiary

He is alleged to have arranged with two other people and Cellofoam (Yorkshire), a subsidiary of Kagan Textiles, to have ex*ported denim cloth to a foreign* company, Denim Continental SA (which is under Lord Kagan's control) and to have kept the profits in banks in Belgium and Switzerland without disclosing them.

It is also alleged that the cloth belonged to British companies which were not informed that Denim Continental was under Lord Kagan's control; that the sale price was below the value *of the cloth: and that records* and accounts of the British companies were falsified.

According to the charges the cloth and other goods were exported to Belgium in September 1975 and in February 1976 in a manner which evaded exchange control regulations.

The charges are the culmination of a nine-month investigation by Customs officials. In March of this year Customs officers raided Lord Kagan's homes in Yorkshire and London *and removed documents.*

Lord Kagan, who is 63, was born in Lithuania and came to Britain as a penniless refugee. He founded the textile empire famous for its Gannex raincoats often worn by Sir Harold Wilson. During the Second World War he spent four years in a Nazi concentration camp.

In 1972 he took over Crabtree Denims, a denim cloth manufacturer then in the hands of a receiver. Crabtree won the Queen's Export Award in 1975.

Coutts back in old HQ

By Michael Blanden

COUTTS, the select banking group which is an independent subsidiary of National Westminster, has returned to its rebuilt head office in the Strand, London.

The bank's head office staff has been operating from other premises for four years.

Coutts decided in 1958 to redevelop the site, but did not gain planning permission until late 1974.

The redevelopment, at a cost now estimated at £16m, retains the original facade of the Nash building and the pepperpot towers on the three corners of the site. But a completely new structure has been built within the site, which *includes* a banking hall in the form of a garden with trees and a small pool.

The office has been divided into five branches, each with its own manager, to improve the bank's personal service.

The new building will be officially opened by the Queen today.

Industrial output drops by 0.7% after rapid rise

BY DAVID FREUD

THE RAPID growth in industrial output during the spring and early summer now seems to have *slackened significantly.*

Production figures in October were adversely affected by the Ford strike. Even when this is discounted, however, the underlying level of output was still lower than in the summer.

Provisional estimates released by the Central Statistical Office show that, seasonally adjusted, the all-industries index fell 1 per *cent in October, after a 0.9 per* cent fall in September.

CC 12

This means that, taken together, the average output from August to October was 0.7 per cent lower than in the previous three months. By com*parison, output between the first* and second quarters rose by 2.9 per cent.

The Central Statistical Office said that about half the fall in output in the latest three months could be attributed to the Ford strike. This meant that there was little change in the underlying level of output.

The index for manufacturing *industries alone shows a similar* picture. In the latest three months, output was 0.5 per cent down on the previous three, but four-fifths of this decline was attributed to Ford. The underlying level was therefore little changed.

These figures provide additional support for today's assessment in the Bank of England Bulletin that UK economic activity seems to have moderated in the third quarter.

The main areas in which output growth has slackened or *fallen are metal manufacture,* mechanical engineering, fertilisers, coal mining, and shipbuilding.

North Sea oil production, *mineral oil refining, and electri*cal and instrument engineering increased. There were also some signs of growth in footwear and clothing in response to the upturn in consumer demand.

The all-industries index was 109.3 (1975=100, seasonally *adjusted) in October, compared* with 110.4 in September. Manufacturing was 103.3 compared with *104.5.*

In the latest three months, the all-industries index was about 12 per cent above the trough in the third quarter of 1975, and 4 per cent above its level in the same period a year ago. The equivalent rises for manu*facturing industry* were 6.5 and 2 per cent.

INDUSTRIAL OUTPUT

		All Industries	Manufacturing
1976	1st	100.1	99.1
1978	1st	100.1	99.1
	2nd	101.8	101.7
	3rd	101.7	101.8
	4th	104.4	103.2
1977	1st	105.5	103.9
	2nd	105.6	102.5
	3rd	106.2	103.1
	4th	105.8	102.0
1978	1st	107.1	102.5
	2nd	111.2	105.1
	3rd	111.0	105.2
	May	110.2	103.8
	June	111.8	105.9
	July	111.3	105.9
	Aug.	111.4	105.6
	Sept.	110.4	104.5
	Oct.	109.3	103.3

Source: Central Statistical Office

More export Scotch price rises likely

BY MARTIN TAYLOR

IN THE aftermath of the general export price increase for standard brands of Scotch whisky, announced on Tuesday, manu*facturers are considering pricing* policy for the two main areas not covered by the association's recommended prices — the U.S. and EEC markets.

The *Scotch Whisky Associa*tion's recommended export price increase of 12.1 per cent for standard Scotch brands from January 1 does not apply to the U.S. or EEC markets, which together account for more than half the total export market.

However, the main factors which prompted the increase — inflation in wages, rates and other costs — clearly are equally applicable to the U.S. and EEC markets.

Price increases in the U.S. and EEC are therefore under consideration by the major Scotch whisky exporters, although there *are a number of complicating* factors which may affect the final decision.

The U.S. remains Britain's main market for Scotch exports and the U.S. price per case was increased by about 10 per cent in February, the first increase *since January 1974. Since then,* however, the dollar has slipped further against the pound, putting presure on companies such as Distillers which invoice in dollars.

Another factor in the pricing equation is the slight decline in U.S. sales of whisky bottled in Scotland by volume. In 1977 total U.S. sales *of exported* bottled Scotch fell 2 per cent to 31.1m gallons.

The situation in the EEC is complicated further by the continuing battle between the Distillers Company and the European Commission over the company's dual-pricing policies.

Distillers used to increase *EEC prices in line with other* export price increases. However, the fact that the company is waiting for a decision on its appeal against the EEC order could be important when considering future pricing policy.

Closing dates

ALL Government-owned historic buildings in England will be closed from Sunday week until after Boxing Day and on New Year's Day.

The Painted Hall and Chapel at the *Royal Naval College,* Greenwich, will be closed on December 21, December 23 to 26, and December 28. Banqueting House, Whitehall, will be closed *on* December 18 and December 23 to 26; Westminster Abbey Chapter House and the Jewel Tower will be closed on December 17, December 24 to 26, and December 31; Chiswick House will be closed on December 18 and 19 and January 2; *Hampton Court Palace and Ken*sington Palace will be closed from December 24 to 27; the Tower of London will be closed on December 17, December 23 to 26 and December 31; Rushton Triangular Lodge, Northamptonshire, will be closed from *December 22 to January 4;* and Thornton Abbey, Humberside, will be closed from December 24 to 27.

Big rise in British Steel investment forecast

By Roy Hodson

PUBLIC SECTOR steel industry investment is expected to rise sharply above the present crisis level of only £400m a year during the next two years. But it will not approach the £1bn a year projection in the British Steel Corporation's previous forward plans.

When the Government decided upon a new and more modest steel investment programme earlier this year the broad aim was to cut the annual rate of spending from £1bn a year to £500m a year.

Sir Charles Villiers, chairman of British Steel, was asked about investment plans while giving evidence yesterday to the all-party Commons Select Committee *on* Nationalised Industries. He said that the rate of investment would rise again because the *steelmaking divisions* were devising a number of small capital schemes to improve productivity and quality without adding to the corporation's total iron and steelmaking capacity.

Worried

He forecast that British Steel's investment would be above £500m a year for each of the next two years. Bunching of the schemes could be *responsible* for temporary increases in the investment rate.

He appreciated that the British steelworks plant industry was extremely worried about the cutbacks in steel investment.

"But the BSC remains the largest capital *spender of any* steel company in the world. We in the corporation are having to adjust to an enormous extent. The plant makers must also adapt to changing circumstances."

Plans to reduce the corporation's heavy interest load (about *£200m a year on accumulated* debts of more than £3.5bn) are to be deferred.

Sir Charles forecast that the much-discussed capital reconstruction of British Steel is not likely to take place before 1980.

The three necessary criteria before embarking on such a massive financial exercise will be clear information about how much capital can be written off; which assets should be written *off; and what the future earnings* capacity of the business is likely to be.

Two sites

Although the corporation was expecting to lose between £300m and £350m in *1978-79* it was still working towards a target of breaking even in 1980.

British Steel's big investment in 3m-4m tonnes of new annual *steelmaking capacity at two* sites — Redcar, Teesside, and Ravenscraig, Scotland — now nearing completion will not all be brought into production at *once if trade remains depressed.*

Sir Charles told the committee that up to 2.5m tonnes annual capacity of the new investment would be brought "on stream" before 1980. Meanwhile, the corporation would be striving to regain a bigger share of the home market, build up exports, and run down steelmaking at certain older plants.

● An order from India for 6,500 tonnes of galvanised steel sheets *was completed yesterday* at British Steel's works in Shotton, North Wales, 10 days ahead of schedule. Altogether 10,000 tonnes has been ordered for rehousing people made homeless in the recent Indian floods.

Evita bonus

THE musical Evita has recouped *its costs in six months* at the Prince Edward Theatre, London. Artists and staff will receive a week's pay as a Christmas bonus.

MAX WILKINSON EXPLAINS A TELEVISION MARRIAGE

Why GEC needed Hitachi

IT MAY seem strange that a *high technology manufacturer* like General Electric Company, with plenty of cash in the bank, should be forced to seek help from Hitachi to make colour television sets.

GEC's decision to seek Hitachi's help followed a period of heavy investment in its television factory at Hirwaun in Wales. After investing £6m in *the last five years on new pro*duction equipment, GEC hoped to expand sales in Europe, particularly in Germany, where the UK manufactured sets had a considerable price advantage.

Unfortunately, however, the dash for growth failed to achieve a large enough sales increase to prevent GEC's consumer electronics division from sliding into the red last year.

The figures flashed like warning lights on the desk of Sir Arnold Weinstock, GEC's managing director, towards the end of 1977. He quickly decided a new strategy was needed.

Sir Arnold realised that the basic conditions of the television industry had changed radically since he had run Radio and *Allied for his father-in-law at the* beginning of the black and white TV era.

In those days small flexible production units could make healthy profits by responding rapidly to market demand. Most of the basic research was carried *out by component suppliers* like Mullard, so that overheads were kept to a minimum.

However, during the 1960s and early 1970s the major Japanese companies were investing heavily in research and development to provide better sets and cheaper *production methods.*

The Japanese, with a home market four to five times as large *as that in the UK and with* aggressive exporting policies, were able to maintain sales to justify heavy expenditure on research. As a result they have developed new products like the video tape recorder and the music centre and are working on a formidable aray of future products.

The accumulated weight of *Japanese research will be press*ing on European markets in the 1980s when the present licences for the *PAL* colour system expire. These licences have so far given European producers some protection by limiting the Japanese imports to smaller screen sizes.

GEC's research, like that of most UK setmakers, has not matched that of its Japanese competitors either in absolute terms or as a percentage *of* sales. It was, therefore, faced with a formidable task of catching up *if it wished to remain an inde*pendent forces in the television market on any but the smallest scale.

The research effort could hardly be justified, however, on the basis of production of only 150,000 sets a year from its main *factory in Hirwaun.* With sales of about £40m a year, GEC is dwarfed by even the smaller Japanese competitors and *has* fallen well behind in modern production techniques, like automatic insertion of components.

Hitachi makes about 1m colour sets *a year in four factories,* with sales estimated at about £400m a year. Hitachi's research and development expenditure is about 4 per cent *of sales.* Its research effort across the whole consumer electronics field is likely to cost more than the *GEC division's entire sales.*

The enormous scale of Japanese investment in the area can be seen *from the fact* that Matsushita, the market leader in Japan, employs 10,000 research and development staff in 21 laboratories at a cost of £200m a year. Between a third and a half of this is probably devoted to consumer electronics.

Sir Arnold's decision was that if GEC could not beat the Japanese, it must join them. Negotiations with Hitachi moved ahead rapidly with Department of *Industry* support after Hitachi's failure at the end of 1977 to establish a new subsidiary of its own in Washington, County Durham.

While negotiations with Hitachi were proceeding, GEC's radio and television division has *been trying to put its own house* in commercial order.

A new managing director, Mr. Pat Sansom, was moved over from the profitable Osram subsidiary at the end of February. He has succeeded in turning last year's loss of "several millions" into a modest profit.

Inventories have been cut, a component subsidiary in Malaysia was shut, an excessive variety of products were rationalised from rather more than 20 to about a dozen, and a major *cut* was made in staff.

The cut of 1,000 *to* 2,00 was achieved with 300 redundancies in Hirwaun, the transfer of a smaller factory to *GEC's* profitable Marconi division and some other measures.

Under the arrangement with Hitachi, from January 1, produc*tion is expected* to be gradually increased from 150,000 sets to about 300,000 by 1984. This could be done without major expansion, since the plant is operating at only about half its capacity. However, substantial investment will be needed for automatic production machinery, which the company will obtain under licence from Hitachi, and for product development.

In five years' time it is expected that the factory will be making about *120,000 sets* for Hitachi, half of them for export. The remainder will be sold by GEC through its own sales company as at present. GEC's designs are expected to gradually converge with those of Hitachi over the years, but there *will be no forced marriage of* technology.

The deal follows closely the pattern set earlier this year by Rank Radio International, which *is joining up with* Toshiba. The question both deals raises is: what will now happen to UK television manufacturers which have not found a larger partner?

The largest *independent* UK producer is Thorn, which makes about 500,000 sets a year. Although it is the UK market leader, with secure outlets through its rental company, it is likely to feel increasingly vulnerable to the Japanese competition from Hitachi, Toshiba and the two Japanese companies which have already set up plants in South Wales, Sony and Matsushita.

The problems of keeping up with the international scale of research and development will be encountered by Thorn, which has already taken a licence to distribute one new Japanese product, the casette video-recorder.

Damage risk in steel shake-up

RECONSTRUCTING THE European steel industry without *causing short-term damage is a* daunting task, according to Mr. Alic Mortimer, director general of the British Independent Steel Producers' Association, Roy Hodson *writes.*

Commenting on the association's annual report, Mr. Mortimer said yesterday that the European Commission was forced to work within the complex relationships between industries and states in the EEC.

*European steel faced the pros*pects during the next five years that:

● Growth in steel consumption in Europe would be only 1.75 per cent a year;

● Average production costs would continue to be up to 30 per *cent higher than in Japan.*

● Overmanning was between 20 and 25 per cent, a human matter demanding careful and constructive handling;

● Energy costs were higher than in many of the developing *nations building works;*

● Raw material resources for steelmaking were declining;

● Although steelmaking in Europe had stagnated in recent years, modern plant was being installed quickly in many *developing countries.*

The association forecasts in its annual report that British crude steel production in 1978 will be about 20.25m tonnes for the pub*lic and private sectors:* about the same as last year. However, the private sector's share is expected to be about 17.5 per cent, a slight improvement on last year.

Private British steel makers are increasing production modestly while British Steel *expects to make slightly less* steel this year than last year.

The association observes in its report that steel consumption in Britain rose by 5.5 per cent in the first nine months of this year compared with the same period last year. It is thought likely that much of the increased demand was absorbed in work *in progress in manufacturing* industries.

Stocks of steel held by consumers and stockholders have fallen this year by some 300,000 tonnes to a lower level than for some years past.

The association believes that *there are grounds for concluding* that the attitude of industry towards holding steel stocks has changed.

"Stock fluctuations may not be such an *important influence on* demand for steel in future as they were for most of the previous 20 years."

Bank card rewards now standardised

BY MICHAEL BLANDEN

Banks are increasing to £50 the *reward* offered to retailers for the recovery of stolen cheque guarantee cards in a drive to counter a rise in thefts.

Some banks already have informal arrangements for paying rewards of varying amounts. The new arrangements, however, will increase and standardise the rewards. They are also intended to provide an added incentive *for the proper examination of* cheques and cards tendered in shops and hotels.

The banks have experienced recurring problems with fraud and stolen cheque cards *since* the system was introduced 12 years ago. The danger of fraud was one of the main reasons for the reluctance of banks to increase *the limit on the guarantee cards,* which in spite of inuation was raised from the original £30 to £50 only last year.

Barclaycard, as well as operat*ing as a credit card, is also a* guarantee card to support cheques.

Tax haven pension plan

BY ERIC SHORT

COMPANIES could establish tax havens in the UK by operating captive pension schemes for directors and executives, Mr. David Rogers, managing director of the Brombard group, a leading *tax planning company,* said yesterday.

The investment of captive scheme funds remains in the hands of the company, rather than being delegated to a life company. They are fully approved by the Inland Revenue *for tax purposes.*

Mr. Rogers told delegates at the first conference on captive pension schemes, held in London by Investment and Property *Studies, that the schemes could* play an important role in the tax planning of executives and in company finances.

Youth jobs experiment 'a success'

By James McDonald

PROJECT FULLEMPLOY, which runs clerical courses for poorly qualified young people, has produced trainees able to obtain and hold jobs in spite of high youth unemployment, says a report published today.

The Runneymede Trust report evaluates two experimental courses run in conjunction with the Manpower Services Commission. The jobs gained were often in the City of London, were well paid, and had good prospects.

The *trainees* were *mainly of* Asian and Caribbean origin, and the experimental courses were jointly funded by the training services division of the Manpower Services Commission and Barclays Bank International.

Project Fullemploy was launched in 1973 by a group of City of London employers *anxious to overcome inner city* disadvantage in white-collar employment, especially among coloured workers.

Painting sold for surprise £280,000

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S AUCTION of Old Master paintings yesterday did not quite go according to plan. It totalled £1,476,110, with *27 per* cent bought in, not too bad for a sale of this stature.

The big surprise was the £280,000, plus the 10 per cent buyer's premium, paid by Colnaghi for *The Deposition* which Sotheby's had catalogued *as being* by a *follower* of Rogier van der Weyden.

Although the picture is of fine quality, the doubts about its origins persuaded the saleroom *to estimate it at £20,000-£30,000* but there were three keen bidders who obviously believed it to be a genuine van der Weyden or the work of another *major* artist of his time.

In contrast an attractive work by Lucas Cranach the Elder, *Charity*, failed to find a buyer and the bidding stopped at £70,000.

Other high prices were the £34,000 *for A Carnival on the Ice outside Antwerp* by Denis van Alsloot; the same sum for Still Life by Luis Melendez; *£32,000 for* a pair of still lifes by Juan van der Hamen; and £30,000 for a wooded landscape by Meindert Hobbema.

At the Sotheby's wine auction, a small bottle, just 8 *inches* high, of Tokay sold for £1,300. This rare wine, which traditionally *has powerful reviving qualities,* was probably put into the bottle around 1700 and was removed from the Imperial Cellar in Berlin in 1918. A rare 1755 coin of Charles Emanuel III of Sardinia made £5,200 in a coin sale.

A copy of Seven Pillars of Wisdom by T. E. Lawrence from the limited first edition of 1926 sold for £5,500 at Christie's yesterday. It was *inscribed* by the author and the lot also included a letter written by Lawrence, but signed "T. E. Shaw" which says: "The book is indiscreet and would do me harm, personally, if it became the subject of talk . . . The Seven Pillars is the incom*prehensible and irrelevant name* of the book."

The sale totalled £26,596. Volume two of the first edition of Mein Kampf, with an inscription in *Hitler's own hand,* made £650. A limited first edition of the illustrations of the Book of *Job by William Blake was bought* by the London dealer Reed for £2,900.

The jewels auction totalled £297,705. Graff Diamonds made £42,000 for a diamond necklace and a diamond and baguette diamond bracelet realised £17,000. The same price was paid for an art deco diamond necklace and pendant for Seymour and a *diamond* mounted as a single stone for Wasinski.

Christie's South Kensington completed its sale of the remaining contents of Serlby Hall near *Doncaster for a total of £127,569.* A pair of five fold 18th century screens made the top price of £4,200.

NEWS ANALYSIS ● TESCO'S MOVE INTO IRELAND

Surprise site, surprise partner

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TESCO's MOVE into Irish retailing by acquiring Mr. Albert Gubay's limited-range discount *chain, Three Guys, surprised the* grocery trade for two main reasons.

Although the trade had fully expected Tesco to expand overseas after its success in the UK grocery market, the acquisition had been expected to take place *in Europe or the U.S.* Ireland had not featured in the speculation, mainly because the blos*soming Irish economy has only* fairly recently caught the retail trade's eye.

Tesco also surprised its competitors by the choice of its acquisition in Ireland. In the first place, it chose to enter a type of *limited-range* discount operation that it has never really attempted in the UK.

Limited-range discounting involves stocking only groceries in constant demand and selling them quickly and cheaply. Only *about 1,000 different items are* usually stocked by a limited-range discounter, instead of more *than 4,000 in a normal super*market.

Tesco, which had always operated on a "pile them high, sell them cheap" philosophy in the UK, did not see the marketing need to build more discount operations. It experimented with *a few limited range discount* stores called Adsega, but decided instead to initiate the High Street *price* war by dropping trading stamps.

Tesco also felt that the future for grocery retailing in the UK lay *with giant supermarkets, or* superstores, and greater sales of higher-profit-margin non-food goods.

Its High Street competitors in the UK, however, have moved into limited-range discounting: Fine Fare has the Shopper's Paradise chain; International Stores has Pricerite, and Kwik Save—Mr. Gubay's former com*pany and the pioneer of limited*-range discounting in the UK—has continued to grow.

However, the real surprise for most people has been Tesco's choice of a trading partner in the form of Albert Gubay.

In the late 1960s and early *1970s Mr. Gubay was the golden* boy of food retailing, with his Kwik Save chain showing remarkable profit growth. In 1970 the group went public; two years later Mr. Gubay quietly managed to sell his 2.3m shares in the company—and was believed to net some £4m in the process—and left the UK for New Zealand.

There, he *proceeded to repeat* his success with the Kwik Save form *of limited-range discount*ing. *He called his new chain* Three Guys and quickly ran into a storm of criticism from the New Zealand retail trade.

The New Zealanders objected particularly to *Mr. Gubay's prac*tice of negotiating large discounts from the manufacturers *for taking bulk orders in a* single delivery. But they could do little about it and his Three Guys chain quickly captured *almost a third of the Auckland* market.

MR. ALBERT GUBAY

Toughest test yet

Last year, however, Mr. Gubay decided that it was time to expand once more, this time in Ireland. Again he faced strong opposition from the existing retail trade to his cut-price *methods.*

Three Guys has six stores in Ireland and another nine sites with planning permssion. Another ten sites are being considered.

Tesco said yesterday that when all 26 sites are in operation it hopes that the chain will capture about a third of the Irish grocery market, worth about £800m a year at present. The six stores have about 2 per cent of the market.

Tesco decided to buy Mr. Gubay's Irish chain, and has bought a controlling interest with the option to buy the rest within five years, because it has been impressed with Mr. Gubay's ability to get three successive discount operations off the ground.

However, Mr. Gubay may find it harder to make inroads into the Irish retail trade than in the UK and New Zealand.

The Irish trade is dominated by about four main groups, *which together control a third of* the grocery business, with the rest divided up between small *independent grocers and volun*tary chains. The four groups have been engaged for some time *in* a fierce price war and have cut operating costs and prices to boost market share. They may give Mr. Gubay his toughest challenge yet.

For Tesco, the move has a certain irony. When Mr. Gubay was still in charge of Kwik Save *he ordered Mr. Leslie Porter,* Tesco's chairman, out of a Kwik Save store. Mr. Porter had been *eyeing* the Kwik Save operation but Mr. Gubay told him either to buy the goods or leave the store. Mr. Porter, however, appears to be too good a retailer to let *personal animosity obstruct* the right acquisition for Tesco.

Market share tops 13%

FOR THE first time, Tesco has achieved more than 13 per cent of the packaged grocery market, according to figures for November, produced by the Audits of Great Britain company and circulating privately in the grocery trade, David Churchill writes.

J. Sainsbury, Tesco's closest rival in the High Street super*market price war, has also* edged up over the November period and has almost 11 per cent of the market.

That means that the two companies control almost a quarter of the grocery trade, compared with 15 per cent 18 months ago.

Co-operative

For Tesco the latest market figures again justify its decision in June 1977 to drop trading stamps from its stores and concentrate on price cuts instead. Since it dropped stamps, its market share has increased by more than half.

Audit's figures also show that *the Co-Operative stores and the* Northern-based Asda chain have increased their market shares. The Co-Op's market share has increased altogether to slightly less than 18 per cent, while Asda has between 6 and 7 per cent.

The figures suggest that the market leaders are faring much better than the smaller groups and independent stores in the *important pre-Christmas shop*ping period.

Rare wine prices firm

BY EDMUND PENNING-ROWSELL

THE TOTAL OF more than 800 lots in Sotheby's final fine and rare wine auction of the year yesterday demonstrated once more the hug flow of wine going through the London salerooms.

The result is that prices overall, though perhaps 15-20 per cent higher than a year ago, are not rising sensationally. Prices yesterday were firm, with English and foreign trade buyers prominent.

Exceptions were the rarities that can be bought only in the salerooms, and outstanding was a late 17th century Tokay bottle, believed to contain the original contents and removed from the Imperial Cellar in Berlin in 1918. It fetched £1,300.

A 1792 Madeira brought £195 a bottle and an 1889 *Malvasia* made £80.

Among more conventional wine, new record prices per dozen bottles were paid for Latour 1945 (£990), Ch. Margaux 1945 (£820), Cheval-Blanc 1947 (£810) and Lafite 1961 (£670). Lafite 1145 and a Mouton Rothschild 1945 each made £1,000 a dozen and Cheval-Blanc 1945 made £800.

Some record prices were also reached for the Romanée-Conti Domain wines: £850 a dozen for Romanée-Conti 1971 and £630 for La Tâche of the same year. *Among* earlier vintages the Romanée-Conti 1952 reached £580 a dozen and the La Tâche 1952 went for £460. The sale total was £153,675.

هكذا من الأصل

UK NEWS

Upsurge in sales hits dwindling merchant fleet

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE SERIOUS depletion of Britain's bulk carrier fleet under the impact of the world shipping recession is shown by the latest figures from Lambert Brothers, the London shipbroker.

No fewer than 87 bulk carriers and combination carriers totalling 3.5m d.w.t. have been sold this year, nearly all to foreign buyers.

This represents more than one quarter of the British bulk and combined carrier fleet, which stood at 13.8m dwt in July, according to Lloyd's Register figures.

Although new ships have been delivered this year, they have numbered under a dozen. The Lambert figures, which cover the year's first 11 months, show an almost equally depressing picture for other sections of the UK shipping industry.

In total, 165 ships of 4.8m dwt have been sold by 78 different owners from the British flag to foreign companies this year. In addition, 36 vessels totalling 1.6m dwt went to scrap. The average age of the ships sold for further trading was 12 years, normally regarded as about half the working life of a vessel.

The main buyers have been shipowners in the Far East and Greece.

The Lambert figures also show that the UK fleet is faring much worse than the world average. This year it has accounted for 12.7 per cent of the total world sales of 37.7m dwt at a time when it constitutes only 7.5 per cent of the world fleet.

Another flag under sustained pressure is that of Norway, which has shrunk by 3m dwt so far this year. Almost one third of vessels sold for further trading in the past two months have been Norwegian. The Swedish fleet has shrunk from 12.6m dwt in July last year to 8m dwt.

The one bright spot for shipowners to emerge from this latest statistical analysis is the confirmation that demolition of ships is running at unprecedented levels.

More than 18m dwt of ships have been scrapped this year, compared with 12.6m dwt last year. Of the 18m dwt, 8.6 per cent was British.

BRITISH FLAG SHIP SALES: JANUARY TO NOVEMBER 1978

	Tankers			Bulk carriers			OBOs			Shelter deck/others			Total		
	No.	dwt	av. age	No.	dwt	av. age	No.	dwt	av. age	No.	dwt	av. age	No.	dwt	av. age
Demolition	17	1.24m	16	4	64,000	28	2	145,000	17	13	142,000	25	36	1.6m	22
Sold for further trading to UK company	2	267,000	2	3	4,065	17		Nil		3	7,314	9	8	879,000	10
Sold for further trading to foreign company	8	376,000	13	58	2.3m	9	9	1.2m	7	90	0.9m	14	165	4.8m	12

TOTAL: 209 ships 7.3m dwt

Source: Lambert Brothers

Benn heads Welsh coalfield inquiry

By Robin Reeves, Welsh Correspondent

THE GOVERNMENT'S tripartite investigation into the problems facing the South Wales coalfield is to meet in London for the first time today under the chairmanship of Mr. Anthony Wedgwood Benn, Energy Secretary.

This inquiry comes after mounting concern over the coalfield's heavy financial losses and fears among mining unions that it could spell more colliery closures.

Other committee members include Mr. Joel Barnett, Chief Secretary to the Treasury, Mr. Philip Weekes, the National Coal Board's South Wales director and Mr. Emlyn Williams, the South Wales miners' president.

Their task is to study ways of making the coalfield pay while ensuring that mining skills are used to the full and job opportunities are maintained.

Only one pit—Deep Duffryn, near Aberdare—is under a formal closure threat, but fears persist throughout South Wales that others could follow unless there are changes in coal marketing subsidy arrangements.

The National Union of Mineworkers has decided to fight the proposed closure. The situation is to be discussed by the union's national executive in London today.

Effect of Windscale leaks 'negligible'

BY DAVID FISHLOCK, SCIENCE EDITOR

IN SPITE OF a sharp increase in the amount of radiation released to the sea by the Windscale nuclear plant since the early 1970s, its effect on the total amount of radiation received by the population of Britain has been negligible.

This is clear from the latest figures on radiation exposure released by the National Radiological Protection Board, the Government's watchdog on radiation matters.

Natural background radiation accounts for two-thirds of the dose received by the UK population, while medical uses of radiation accounts for most of the rest.

The accompanying chart details the annual effective dose equivalent of radiation received in Britain, as percentages from each of six sourcs.

It shows that disposal of radioactive waste from all sources—military as well as civil nuclear power programmes — is the smallest contributor of the six sources reaching the population.

The scientists who compiled the figures, Ms. Frances Taylor and Mr. G. A. M. Webb, forecast a slight increase in the amount of radiation received from nuclear waste over the next 20 years.

The problem at Windscale which caused the sharp increase in radiation release is corrosion of Magnox fuel during storage under water. The problem arose when fuel accumulated while the reprocessing plant was closed for modifications.

Corrosion of the protective magnesium alloy cladding exposed the uranium fuel to the water, releasing radioactive caesium isotopes.

To solve the problem, British Nuclear Fuels is designing a water treatment plant to purge the storage pond water of the fission products. It will treat several million litres of water a day. It will also provide safe, shielded storage of the extracted low-level radioactive waste.

Until it is installed — a major engineering project — the company is using temporary methods of water purification to minimise the radiation released into the Irish Sea. But the report acknowledges that these t emporary methods are not likely to reduce the activity by much.

The report is much more detailed than the first national survey released in 1974, reflecting both a great increase in the amount of radiation data available and the dvice of the Royl Commission on Environmental Pollution.

Radiation Exposure of the UK Population, by F. E. Taylor and G. A. M. Webb, NRPB-R77, SO, £2.50.

'Slower trade growth next year'

Financial Times Reporter

OUTPUT growth in the present trade cycle peaked in October or November and the UK has entered a phase of more modest growth, according to City stockbrokers Hoare Govett.

The firm says in its latest economic assessment that after expansion in the first three quarters at an annual rate probably in the region of 6 per cent, "the present deceleration will take the figure below 3 per cent for the first half of 1979."

While the slowdown could have undesirable social consequences, the financial implications were reasonably satisfactory. The balance of payments was likely to move into substantial surplus.

"If the accounts ran a modest surplus in 1978 when domestic demand was so hectic and when overseas conditions were only moderately buoyant, the prospects for early 1979 when domestic considerations will be weaker and foreign ones will be stronger have to be exceptionally good."

Conditions were also likely to be fairly favourable for inflation. The healthy trade accounts, coupled with attractively pitched interest rates, were likely to maintain a firm trend within sterling and this would moderate the inflationary impact of any rise in commodity costs.

Another effect of the economic slowdown would be to erode demand for labour. This would undermine its bargaining position.

For this reason, the rate of inflation would say in the 7-8 inflation would stay in the 7-8 and rise only very slightly during the remainder of next year.

Mixed welcome to UK for U.S. tax reformer

BY LYNTON McLAIN

MR. HOWARD JARVIS, the Californian tax reformer, arrived in London yesterday to an enthusiastic welcome from Britain's tax reduction lobby.

Less enthusiastic was the welcome from the Board of Inland Revenue, which so far has not replied to an invitation to meet Mr. Jarvis. It said yesterday that it had not received the invitation.

The 75-year-old millionaire's visit to Britain was sponsored by the National Association for Freedom and the Chartered Union of Taxpayers. Mr. Jarvis is to advise Britons how they should fight high taxation.

Mr. Jarvis and Mr. Paul Gann, a 65-year-old retired estate agent, won popular support in California this summer for a move to cut local property taxes. Their Proposition 13 was instrumental in cutting state revenues by $7bn.

But the tactics and the approach to the problem of high taxes used in the Californian campaign would not necessarily be successful in Britain, Mr. Jarvis said.

His message to British taxpayers was that they should recognise that individuals could do something about taxes.

Mr. Norris McWhirter, a director of the association, said that the visit would act as a catalyst in letting people see what could be done.

Mr. Jarvis will meet Mrs. Margaret Thatcher, leader of the Opposition, on Monday, but both the Prime Minister and Mr. Denis Healey, the Chancellor, were "too busy" to meet him.

Telephones gift

A DISPLAY of historic telephones, including one made in 1895, is to be presented to the Industrial Museum at Wollaton Hall, Nottingham, tomorrow. They are being presented by Plessey's factory at Beeston, which has been making telephones for nearly 75 years.

Rees opens £2m safety glass plant

Financial Times Reporter

A FACTORY which is claimed to have the largest capacity in Europe for the production of flat, laminated and bullet resistant glass was opened in Leeds yesterday by Mr. Merlyn Rees, the Home Secretary.

Alcan Safety Glass, a subsidiary of Alcan Aluminium (UK), said that the 80,000 square feet purpose built plant was a £2m investment.

Mr. Gordon Bennett, managing director of Alcan Safety Glass said: "It is a regrettable fact of life that violence and terrorism know no international barriers and for this reason our market is world-wide.

"We are actively involved in selling our product internationally for a variety of purposes—from maintaining law and order to ensuring safety in the home.

"The latter is a market in which we see rapid growth, particularly as consumers are becoming increasingly aware of the need for safety glass in high risk areas, such as doors and shop fronts."

Production at the factory started four weeks ago and the company expects sales to reach £4m in 12 months, half of this in sales abroad.

Ministers urged to cut risks to wild life

THE DAMAGE being caused to wildlife by oil pollution each year cannot be allowed to continue indefinitely, the Nature Conservancy Council says in its fourth annual report, to March 1978, published yesterday.

The year covered by the report started with the blow-out at the Ekofisk Bravo platform and ended with the grounding of the tanker Amoco Cadiz, but the council points out that the death toll of seabirds from oil from an untraced source off the north-east coast of England during February and March 1978 was probably as high as during the Amoco Cadiz emergency.

Ministers are urged to "address their fullest efforts to a comprehensive approach to reducing the number and size of oil spills."

Eight new National Nature Reserves were declared in the year, making a total of 161 in England, Scotland and Wales.

Nature Conservancy Council fourth annual report, price £3.50.

BANK OF ENGLAND QUARTERLY BULLETIN

Expansion at 3% may be sustained

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UNDERLYING rate of expansion of the economy has probably been slightly more than 3 per cent a year during 1978 and might be sustained about that level over the next 12 months if inflation stays in single figures.

That is the central theme of the economic assessment in the December issue of the Bank of England Quarterly Bulletin, published this morning.

The bulletin notes that expansion in economic activity seems to have moderated in the third quarter of this year and that the rate of inflation has changed little.

Looking ahead, the UK should benefit from continued growth of its export markets and relative stability in world commodity prices.

The Bank suggests that an opporunity exists to combine continued moderate expansion with reducing the rate of inflation. The average increase in earnings in the current pay round seems likely to prove less than last year's rise.

If so, inflation will probably be kept at its present pace. If earnings increases were kept well within single figures, the pace of inflation would be reduced.

"Inflation is thus contained, Bank forecasts suggest that the recent underlying rate of expansion of the economy is likely to continue. Consumers' purchasing power would continue to grow, albeit a little more slowly than recently.

Unemployment

"Combined with probable continuing growth in exports, final sales seem likely to rise a little less rapidly than in the last 12 months.

"With lower stockbuilding than earlier this year, but some slowing down in the growth of imports, output may continue to expand at a rate approaching 3 per cent a year—sufficient perhaps, to prevent the level of unemployment from rising."

The Bank observes, however, that a faster growth in earnings would threaten expansion. Monetary policy could hardly be relaxed; and that, in combination with higher money incomes, would impose some brake on expansion.

Faster inflation would tend to make consumers save more and spend less; exports would be less competitive or less profitable; uncertainty and lower profits would reduce investment.

Eventually, the rate of wage increase will probably be fairly directly traded off against the level of activity — and thus of unemployment.

"It is less clear how far the balance of payments will be a further, separate constraint on growth. Given the general need for current-account surpluses to provide for repayment of debt, and the large assistance from North Sea oil, this year's results are relatively disappointing.

"With expansion proceeding at about the present rate, the current account may well show a small surplus in 1979." Expanding domestic demand much faster than in the rest of the world would probably be impossible without putting the balance of payments under strain.

All that, according to the Bank, indicates the need for a clearly cautious bias in fiscal and monetary policy. The authorities' action in autumn emphasises the determination to maintain firm monetary control.

On earnings differentials, the Bulletin points out that gains in post-tax real earnings in the year to April 1978 were fairly evenly spread.

The ratio of earnings at the top of the income distribution to those at the bottom was little different in April 1978 from a year earlier. Pre-tax distribution widened slightly, but that was offset by the introduction of the lower tax band.

Over the past four or five years, post-tax real earnings distribution has narrowed, with the ratio of those a tenth from the top of the income distribution to those a tenth from the bottom falling by about 10 per cent.

Although public-sector pay during recent stages of incomes policy rose comparatively slowly, the gains obtained by the public sector in earlier years have not been wholly eroded.

Male earnings in public and private sectors were roughly equal in the early 1970s and the public sector's relative position improved until 1976, when it was ahead by nearly 11 per cent.

Errors

The Bulletin notes that public spending is rising again. The total is expected to rise by about 5 per cent in real terms between 1977-78 and 1978-79 and by a planned 2 per cent a year thereafter.

Analysis shows that borrowing requirements projected in public sector budgets have been out by an average of £2½bn since 1973-1974, after adjusting for mid-ter mpolicy changes.

Many errors arose from difficulties in predicting the effects of rapidly changing inflation rates and of big policy changes.

In the past two years, the UK general government financial deficit has amounted to between 3 and 4 per cent of gross domestic product, little different from those of the other main industrialised countries.

Apart from Italy, all the countries shown have had decits within 1 to 5 per cent of nominal gross domestic product. The estimated UK deficit this year is 3¾ per cent, compared with an average of 2¾ per cent for industrialised countries.

The bulletin notes that company profits (net of stock appreciation) fell sharply in the second quarter as the faster growth of unit labour costs and an increase in the sterling price of imported raw materials more than offset the effect of a revival in domestic activity.

Pressures

Although the sharp acceleration in costs in the second quarter may give an unduly depressed impression of profitability, there seems little doubt that the recovery in cash profits since mid-1975 stopped in late 1977, mainly because of the increases in unit labour costs during stage three of incomes policy.

Cash profits may have improved modestly in the second half of the year; economic activity has continued to recover and cost pressures, helped by the recent stability of sterling, may have eased. Even so, companies' real rate of return (excluding North Sea activities) seems likely to fall, for 1978 as a whole, to the lowest level in recent years.

The outlook for profits during the coming year will depend largely on the course of earnings during stage four.

Evidence continues to indicate a tightening labour market, albeit as much because fewer are seeking employment as through any sustained expansion in the demand for labour.

Unemployment has fallen almost continuously since October 1977 and, by November, was more than 90,000 lower than a year earlier. Yet employment appears to be increasing only slowly and, in the year to June, grew by far less than the expected increase in the labour supply.

That disparity has been particularly acute among men. Male employment and unemployment have been falling, suggesting a decline in the total number of men available for work, yet the number who are of working age is believed to have risen. allowances for staff overseas

Part of the explanation may be that self-employment has increased, partly because of the recent upturn in the construction industry. Earlier retirement may also have been an influence.

In the year to June, the male employed labour force fell by 37,000 and male registered unemployment by 28,000, although estimates suggested that the total male labour force would rise by 40,000.

The pattern for women is less surprising, although female employment and unemployment have increased by less than expected.

On the overseas side, the Bulletin notes that total UK export markets have grown more slowly this year than in 1977 in spite of recent signs of recovery. So far this year, manufactured sales are 3 per cent higher than in the same period of 1977, against an estimated increase of 3½ to 4 per cent in the volume of world trade in manufactured goods.

Imports

The main feature continues to be the strength of non-manufactured exports, notably crude oil. The overall trade balance in semi-manufactured goods has continued to worsen over the past four quarters, perhaps in part reflecting some loss of relative price competitiveness.

The rise in imports of semi-manufactured goods in the current upturn has been almost as rapid as it was five years ago, even though the rise in output has been much more modest than in the 1972-73 cycle.

The rapid growth in imports of manufactured goods—up 17½ per cent in volume (excluding erratic items) in the year to the third quarter—is not much more than might have been expected from recent experience.

The balance of payments contribution from North Sea oil continues to grow as production builds up. The net effect on the current account is projected to rise from £750m last year to £1½bn this year, £2½bn in 1979 and £3½bn in 1980.

After taking account of capital flows, the overall effect on the balance of payments is expected to rise from £2bn in 1977 to £2½bn this year to £3½bn in 1979 and to £4bn in 1980.

On monetary policy, the bulletin notes that the bank lending figures understate the underlying demand for credit to the extent that acceptance bills are taken up by the non-bank private sector.

That is one result of the reimposition in June of the so-called corset controls on the growth of interest-bearing eligible liabilities. That effect (known as disintermediation) may have amounted to some £600m between mid-May and mid-October: rather more than in previous periods when the corset controls were in force.

Errors in the Budget forecasts of the PSBR

(£bn)

	PSBR			Differences				
	Budget forecast*	Outturn	Difference	Revenue	%	Expenditure	%	Financial transactions
1973/74	4.4	4.4	—	0.9	3	1.9	6	−1.0
1974/75	3.9	7.9	4.1	1.2	3	5.5	15	−0.2
1975/76	9.1	10.6	1.5	2.5	5½	3.2	6	0.8
1976/77	11.9	8.6	−3.3	3.0	5½	—		−0.3
1977/78	9.7	5.5	−4.2	2.0	3	−0.9	−1	−1.2

Source: Forecasts from Financial Statement and Budget Reports, 1973-74 to 1977-78; outturns from Financial Statistics.

* Adjusted for the measures taken in July and November 1974 (affecting 1974/75), December 1976 (affecting 1976/77), and July and October 1977 (affecting 1977/78); other mid-year measures (e.g. July 1976) did not significantly affect the year in question.

Oil funds fall below Bank's forecast

By Michael Blanden

THE SURPLUS funds available to the oil-exporting countries during the first half of this year were substantially below Bank of England estimates, according to the latest Bulletin.

Considerable revisions have been made to the figures, and it is now estimated that in the year's second quarter the disinvestment from the UK and the U.S. was not accompanied by any significant investment elsewhere.

The Bank now calculates that oil-exporters had a small deficit of $1.9bn during the second quarter. This means that over the first half as a whole, the total surplus funds available were only some $2.4bn, against a previous estimate of $6.4bn and well down from the figure of over $12bn recorded in the second half of 1977.

In the third quarter of this year, the total estimated oil revenues of the exporting countries recovered slightly to $30.1bn. This compared with $29.1bn in the second quarter, but was still lower than the $31.9bn of the first quarter.

The volume of exports rose in the period May to July, reflected in the third-quarter revenue figures, and with a general increase continuing through to September the Bank suggests that revenues are likely to increase again in the fourth quarter of the year.

Preliminary indications are that the third quarter produced a modest surplus of funds. Disinvestment from the U.S. continued, but there was some increase in investment in the UK and in loans to developing countries. Nevertheless, "the surplus for the year as a whole is certain to be very much smaller than that for 1977," the Bank concludes.

NORTH SEA OIL

£ billions

	1977	1978*	1979*	1980*
Value of production, less interest, profits and dividends	2	2½	3½	4¼
Related imports†	1¼	1¼	1¼	1
Effect on current account	¾	1½	2¼	3¼
Effect on capital account	1¼	1	1	¾
Overall effect on the balance of payments	2	2½	3¼	4

* Estimates/forecasts.
† Estimated imports of goods and services related to the North Sea oil programme.

EMPLOYMENT AND UNEMPLOYMENT

Changes betwen June 1977 and June 1978: United Kingdom; not seasonally adjusted

Thousands

	Males	Females	Total
Employed labour force	− 37	+ 69	+ 32
Registered unemployed	− 28	+ 24	− 4
Working population	+ 93	+ 28	+193
For comparison: estimated total labour force	+ 40	+153	+193

Bank of England Quarterly Bulletin, Volume 18, number 4, December 1978. Copies obtainable from Economic Intelligence Department, Bank of England, London EC2R 8AH.

ESTIMATED DEPLOYMENT OF OIL EXPORTERS' SURPLUSES

A small surplus reappeared in the third quarter

$ billons

	1976 Year	1977 Year	1978 1st qtr.	1978 2nd qtr.
UNITED KINGDOM				
British government stocks	0.2	—	—	−0.2
Treasury bills	−1.2	−0.2	—	0.2
Sterling deposits	−1.4	0.3	0.2	−0.4
Other sterling investments	0.5	0.4	—	0.1
British government foreign currency bonds	—	0.2	—	—
Foreign currency deposits	5.6	3.4	−0.4	−1.6
Other foreign currency borrowing	0.8	—	—	—
	4.5	4.1	−0.2	−1.9
UNITED STATES				
Treasury bonds and notes	4.2	4.3	−0.1	−0.7
Treasury bills	−1.0	−0.8	0.3	−1.1
Bank deposits	1.6	0.4	0.5	−0.7
Other (b)	7.2	5.3	0.8	1.3
	12.0	9.2	1.5	−1.2
OTHER COUNTRIES				
Bank deposits	6.5	7.5	1.5	−0.5
Special bilateral facilities and other investments	12.2	12.4	1.5	1.7
	18.7	19.9	3.0	1.2
INTERNATIONAL ORGANISATIONS	2.0	0.3	—	—
Total	37.2	33.5	4.3	−1.9

Fall in profitability on trading assets 'began in 1950s'

BY DAVID FREUD

THE widely-reported weakening in real profitability on trading assets during the 1960s and early 1970s appears to have been a continuation of a much longer downward trend, according to a special article in the Bulletin.

This downward trend was accentuated in the mid-1970s by the recession and by more rapid cost inflation, especially when combined with historic cost pricing policies.

The article finds that there was a modest recovery in profitability between late 1975 and 1977, stemming mainly from the deceleration in the rate of cost inflation.

There has also been some erosion of the return on the equity interest in UK companies, but this has been less marked in recent years than the fall in the return on trading assets, because real interest rates became substantially negative. Correspondingly, debt holders have suffered substantial capital losses.

Fluctuated

The article goes on to conclude that research carried out by the Bank of England suggests that a prolonged period of low profitability will have a significant effect on investment. However, that effect cannot properly be assessed without a consideration of changes in the cost of capital.

Various measures of profitability all show a steady fall since the 1950s. The share of real company profits in domestic income fluctuated between 14 and 9 per cent in the 1920s and 1930s.

It rose during the late 1930s as economic activity picked up from the depression and fluctuated between 14.5-16 per cent in the decade after World War II.

A steady fal lto about 10-11 per cent occurred in the early 1970s and—reflecting the recession and acceleration of inflation — an abrupt fall to as little as 5 per cent in 1975. Last year the share of real profits rose slightly, to about 6 per cent.

There was also a pronounced fall in the share of entrepreneurial profits—which include company profits, trading surpluses of public corporations and the estimated profit element of income from self-employment—in net domestic income from about 20 per cent in 1950 to 9 per cent in 1974-77.

The real rate of return of companies on trading assets had fallen to less than 3.5 per cent by 1975. Its recovery to 4 per cent in 1977 seems principally tot have reflected the deceleration of cost inflation.

The impact of the rise in cumulative inflation over the life of the assets, which took place in the early 1970s—and the consequent widening of the gap between historical and replacement cost valuations of physical assets—is reflected in the growing divergence between the measures of rates of return based on historic cost profits and real profits.

In the 1960s the replacement cost valuation of assets exceeded the historic cost by just over 30 per cent and in 1977 by nearly 150 per cent.

Investors buy more Government stocks

BY MICHAEL BLANDEN

INSURANCE COMPANIES and pension funds were the major buyers outside the banking system of the large issues of Government stocks made during the year to the end of March.

A special article in the Bulletin shows that, with 17 issues of gilt-edged securities, the proportion of Government debt held in this form by market investors, rose to 70.6 per cent, the highest proportion since the end of March 1974.

The insurance companies and pension funds were heavy buyers, mainly of long-dated gilt-edged stocks. The building societies' holdings of short-dated stocks also rose sharply, reflecting the substantial inflows during 1977-78 which were used partly to restore liquidity.

In addition, the Bank reports that during the summer of 1977 the return on deposits with the National Savings Bank investment account became increasingly attractive. This led to large inflows, a substantial proportion of which were held in liquid form—purchases of Treasury bills—as a precaution against sudden withdrawals.

As a result, the holdings of Treasury bills by the non-bank financial institutions more than doubled.

Overall, the Bank reports, the holdings of Government debt by the non-bank financial institutions have grown steadily over recent years, and at the end of March accounted for over 40 per cent of the total sterling debt in market hands, compared with under 30 per cent six years ago.

The holdings of the banking sector increased more modestly, with a large rise in holdings of gilt-edged stocks being partly offset by a reduction in Treasury bill holdings.

The nominal total of the national debt at the end of March was £80bn, an increase of £12bn over the year. About a third of the rise was accounted for by official holders, largely the national insurance funds and the Bank of England itself.

Increase

The major part of the rise, some £8.1bn, was in market holdings. It reflected broadly the combination of a central government borrowing requirement of £4.4bn and a large increase of £6.3bn in the official reserves over the year. About £1bn of the increase during the year in the debt outside official hands was related to direct external borrowing.

The sterling equivalent of debt payable in foreign currencies rose by £257m, but accounted for only 7.5 per cent of the total debt in market hands. Although the Government borrowed more abroad, the sterling value of existing debt declined on balance as a result of the appreciation of the pound over the year.

Issues of gilt-edged stocks during the year totalled £12.8bn in nominal value, with eight of them payable in instalments. About half of the stocks were short-dated, and the average life of dated stocks in market hands fell by 0.3 of a year to 12.2 years. The average amount of such stock to be redeemed in each of the next five years rose to over £3bn.

The value of national savings securities outstanding rose by £543m, but the percentage of market debt in this form fell slightly to 9.5 per cent.

BL considers future of two subsidiaries

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

EMPLOYEES of Prestcold and Aveling Barford, the two companies which now form the rump of BL's Special Products Industries, were told yesterday that although several options were being considered, no decision has been taken to sell the subsidiaries.

Letters signed by Mr. Denis Field, managing director of Prestcold, and by Mr. Leslie Wharton, managing director of Aveling Barford, have been sent to all employees.

They do not specify the options, but it is understood that the sale by BL of one or both of the companies is being considered.

The companies' future became uncertain 10 days ago when Mr. Michael Edwardes, chairman of BL, announced that Mr. David Abell, formerly chairman of SP Industries, had been appointed chairman of BL Commercial Vehicles. Mr. Abell took with him the other companies in SP Industries, leaving the position of Prestcold and Aveling Barford to be "reviewed," as Mr. Edwardes put it.

Because of uncertainties among employees, a further announcement must be made soon.

Both the Prestcold commercial refrigeration group and Aveling Barford, which manufactures construction equipment, have suffered in profitability

Figures for the first nine months of the year show that Aveling Barford made a loss of £1.6m, which is expected to be as high as £3m by the end of the year, while Prestcold was only marginally profitable.

Productivity demands rejected by Singer workers

By Ray Perman, Scottish Correspondent

THE FUTURE of Singer UK's manufacturing plant at Clydebank was thrown into question yesterday when a stormy meeting of the labour force rejected management demands for productivity improvements and changes in working arrangements as the price for a new investment programme.

The decision, which was overwhelming, came as a bitter disappointment for shop stewards and full-time trade-union officials, who have worked since the summer to persuade the company to soften its proposal to cut 2,800 of the 4,800 jobs by 1982.

Last weekend unions announced that senior Singer executives from the U.S. had agreed to retain 500 of the threatened jobs and to increase investment over the next few years from £8m to £10m. The Government was also to be asked to inject up to £4m into the plant.

The plan announced in June by the company included the closure of industrial sewing-machine and needle divisions at Clydebank. Using an independently-commissioned consultants' report, unions convinced the company that some industrial sewing-machine models should be retained in its range.

Response

This meant that compulsory redundancies could have been all but eliminated from the rationalisation programme, with most of the labour reductions being achieved by natural wastage or early retirement.

Singer will give its response to the rejection within the next few days but, without some commitment from the work force, it is likely that the company will withdraw its offer to retain the 500 jobs and reconsider its initial proposal to modernise the division producing domestic sewing-machines.

Mr. Hugh Swan, deputy union convenor, said last night that he was extremely disappointed at the decision.

"I do not expect the company will go out of business tomorrow, but the investment programme must now be in jeopardy, and this is of great concern not only to the plant, but to the whole community in Clydebank.

Competition

"We are facing intense competition from abroad and, unless we get new investment, this factory will wither away."

Mr. Swan described the meeting as highly charged, and said that one reason for the workers' strong line was that the company had not spelt out in detail what it wanted from its demands for improvements in productivity, a new wage structure, more flexible working and an increase in the amount of work sub-contracted.

During the meeting, one man was loudly applauded when he called from the crowd: "Singer management have held a pistol to our heads—let them pull the trigger. We have been blackmailed for too long, let them shut their factory, if that is what they want to do."

Drop in truck sales reflects Ford strike

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE FORD dispute distorted UK commercial vehicles sales last month so that the market suffered its first big setback of the year. Sales fell by 6.2 per cent compared with November last year to 19,556.

Figures today from the Society of Motor Manufacturers and Traders show that underlying demand remained strong. Over the 11-month period, registrations of commercial vehicles were up 15.42 per cent on the same period last year at 242,311.

Importers took 23.14 per cent of the November market against 17.23 per cent in November last year.

Over the 11 months, they captured 21.8 per cent of commercial vehicle sales, compared with 16.5 per cent last year.

Ford's commercial vehicle sales last month dropped from 7,004 in 1977 to 2,730 this year, a fall of 61 per cent. The total market fell by 1,293 units compared with the drop in Ford sales of 4,314 units.

Leading Japanese importers cut back sales, which had been increasing markedly in the previous months.

Datsun's sales dropped from 486 in November last year to 277 last month; Toyota's slipped from 577 to 213; and Honda's from 291 to 164.

All three are showing big advances over the 11 months, however, with registrations rising from 4,180 to 7,036 in the case of Datsun; from 3,446 to 5,182 for Toyota; and from 2,753 to 2,931 for Honda.

The Japanese figures include no heavier trucks. Direct shipment of vehicles over 3.5 tons from Japan to the UK are barred.

Friendly warnings have gone to the Japanese UK motor industry through the society and the Department of Trade, about their increasing penetration of the light commercial vehicle business. The warnings obviously have had some effect.

At the heavier end of the market, the Scandinavian producers are making most headway. Over the first 11 months of 1978, Volvo's registrations jumped 34.5 per cent to 3,585 units, while Scania's increase was of 58.6 per cent to 1,336 units. In unit terms the UK has overtaken Sweden as Volvo's most important market for heavy trucks.

The figures offer little cheer for Mr. David Abell, Leyland Vehicles' new chairman and managing director. The division's sales last month were down from 1,203 to 1,122, while over the 11 months the fall was about 2.5 per cent, to 12,727 units. At the end of last month its market share stood at 17.5 per cent against 19.4 per cent at the same time in 1977.

BL Cars is doing well with its car-derived vans and light commercials, however. Registrations in November were up from 3,569 to 4,816 and, for the 11 months, from 40,718 to 46,854.

Of the other main UK-based producers, Bedford (part of General Motors) saw sales rise from 3,912 to 4,646 last month, and from 40,097 to 42,339 over the 11 months, while Chrysler's advance was from 886 to 911 in November and from 9,648 to 11,272 over 11 months.

Transatlantic flights show 25% increase this year

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TRANSATLANTIC air travel between the UK and the U.S. this year has risen by more than 25 per cent as a result of cheaper fares.

British airlines have carried much more of the traffic than in previous years—about 43 per cent compared with about 38 per cent last year.

Mr. Stanley Clinton Davis, Parliamentary Under Secretary for Aviation, told a transatlantic air travel conference in London yesterday that the results represented "a minor miracle" of benefit to airlines and travellers alike.

In spite of rising airline costs, the average fares charged on the London-New York route this summer had been held at their previous levels, representing a reduction in real terms of more than 10 per cent. "And this was in 1978, a full three years earlier than we had postulated in our studies."

Passengers on scheduled services between the U.S. and UK had risen by 50 per cent, compared with last year, but part of this was at the expense of charter operators "who found themselves faced for the first time with really strong competition from their scheduled service cousins.

"Even so, the net increase in traffic this summer has been more than 25 per cent over last year's figure," said Mr. Clinton Davis.

Neutral ground

Another civil aviation body yesterday expressed concern at the problems faced by passengers this past summer as a result of queues for cheap tickets, and delays at airports caused by industrial disputes.

The Air Transport Users' Committee said in its annual report that it thought that conditions similar to those which arose last summer as a result of the French air traffic controllers' strike "will occur again."

It was "consulting with the appropriate committees at British airports to see what steps can be taken to alleviate the discomfort that passengers suffer."

But, while it could do little more in this field, it was prepared to assist "by providing the neutral ground for a conference of interested parties, it would be glad to offer its services."

On queues for cheap air seats at Victoria Station, the committee said that it had made suggestions, it hoped could be implemented before next summer.

Sir Archibald Hope, chairman, said that one possible solution would be to set up "tent cities" closer to airports to accommodate those waiting for cheap flights.

● British Airways has signed an agreement with Sheraton Hotels of the U.S., under which 15 Sheraton Hotels throughout the world will be marketed by the airline as British Airways Associated Hotels, and will be marketed to passengers making seat reservations with British Airways. The deal brings to 80 the number of hotels offered worldwide to BA passengers.

Bakery workers accept 14% deal

By Pauline Clark, Labour Staff

THE LONGEST national strike in the history of Britain's two giant baking companies was ended yesterday with a union instruction for a return to work by 6 a.m. on Sunday.

The instruction by the 26,000-strong Bakers' Food and Allied Workers Union followed a ballot conducted among its 160 or so branches in Ranks Hovis McDougall and Allied Bakeries, on a pay offer worth just over 14 per cent with productivity.

Union members have been on strike for nearly six weeks in support of a 26 per cent pay claim, but employers have claimed that 60 to 70 per cent of output has been maintained with about 10,000 workers working normally.

It is believed that the dispute may have cost the Bakers' Federation £10m to £20m in lost output, although the exact figure has yet to be assesed.

Meanwhile, increased competition by the independent bakeries which have helped to maintain bread stocks in the shops, may have taken part of the major bakeries' market share.

The federation said it was pleased that the strike was over, especially since it would mean no shortage of bread and cakes in the shops in the Christmas period.

The ending of the strike, by a meeting of the bakers' union executive, was surrounded by the same sort of confusion which has dogged the progress of the industrial action since it started with the rejection of an 11 per cent pay and productivity offer.

First reports of the ballot results indicated that about 30 branches may have spoiled their ballot papers. The federation was told that about 48 per cent of branches had voted to stay out and 52 per cent voted to accept the offer and return to work.

Deadlock in the dispute last wek was broken when talks between union and employers resumed under the umbrella of the Advisory Conciliation and Arbitration Service.

The bakers' union led the first major dispute to go to ACAS when it was first set up in 1974, and the latest strike was the third bakers' union dispute to be taken to ACAS.

Right-wing wins Civil Service union control

BY PHILIP BASSETT, LABOUR STAFF

RIGHT-WINGERS yesterday regained control of Britain's biggest civil service union, the Civil and Public Services Association, in the largest vote in the union's history.

The extreme Left effectively seized control of the union's executive at its annual conference in May, though the election was declared void and the executive removed from office in October when the union's constitution was found to have been breached in the elections for vice-president.

The swing to the Right yesterday, from an executive weighted 20-6 to the Left to one weighted 16-10 to the Right, could alter the union's avowed immediate readiness to take industrial action against the Government's 5 per cent pay limit.

The moderates though, made it clear yesterday that the union would not settle for anything less than full implementation of the findings of the Pay Research Unit, which determines Civil Service pay by outside comparisons. The civil service unions are now receiving reports from the unit.

Mr. Ken Thomas, general secretary, said the pay campaign would carry on. The union would continue to resist the 5 per cent guideline.

Members of the CPSA are expected to look for rises of about 20 per cent when the pay reports have been fully evaluated.

The elected Right-wing members of the new executive polled 36 per cent of the votes cast, with th Left obtaining 20.6 per cent. The turnout for the voting, by show of hands at branch meetings for a branch nomination, was estimated by union officials at about 85 per cent.

The largest vote, for Right-winger Mrs. Pat Womersley, was 127,122. The nearest vote the union has ever registered for a candidate in the past was 120,415 in 1969.

Bitter blow

In the vice-presidential elections in May, some branches switched votes from their nominated candidates. When this was publicly made known in October Mrs. Kate Losinska, the defeated Right-wing vice-president, was re-instated instead of Mr. Peter Coltman, a Communist.

Because Mr. Coltman did not have the chance to stand in the executive elections in May, the elections had to be re-run.

The result will be a bitter personal blow to Mr. Coltman, who stood for the presidency in May as well as the vice-presidency. In the election results announced yesterday he failed to reach the executive and was only fourth among the runners-up.

Both the swing and the size of the vote made the Right jubilant yesterday. Mr. Charlie Elliott, vice-chairman of the union's moderate group and a member of the new executive, welcomed the result as a justification of the Right's campaign for increased involvement by the membership.

He said: "It's a breath of democracy at last. For the first time this executive can say it has been elected by the members rather than the activists."

Any question of industrial action over pay this winter would be "more carefully thought out" and that members' views would be taken into account before any decision was made. The new executive will meet on Monday to discuss the possibility of industrial action in support of its pay campaign.

The executive will not, though, alter the union's £480,000 contribution to the joint civil service union's £1m fighting fund for its pay campaign.

The Right will try to make the division at branch level between policy and election meetings a permanent feature. This was the major change in procedure in this election which, with the publication of candidates' election addresses, the Right regards as the major stepping-stones to its victory.

New offers rejected by tanker drivers

BY NICK GARNETT, LABOUR STAFF

UNION NEGOTIATORS representing tankers drivers have rejected a further series of pay offers from three of the five main oil companies.

Shell, British Petroleum and Esso have now had three pay and productivity offers rejected by officials of the Transport and General Workers' Union.

National meetings of shop stewards from the three companies will be convened later this week and next week to discuss the position.

Union officials are meeting management at Texaco today. A pay offer by Mobil, recommended for acceptance by negotiators, has been rejected at depot meetings of the drivers.

Mobil's offer is valued by the company at about 11 per cent, although some Transport Workers' representatives say it could be worth up to 13 per cent on overall earnings. It is linked to a productivity scheme incorporating a saving on loading and unloading time and tighter journey schedules.

Mr. Jack Ashwell, union transport secretary, said yesterday that offers made by the other companies were similar in size to Mobil's and linked to productivity. The productivity elements in the offers were unacceptable.

More days off planned for building industry

By Nick Garnett, Labour Staff

AN EXTRA six days paid holiday for the construction industry's 800,000 workers is being recommended by unions and employers at the highest level of the industry's negotiating structure. If accepted, the additional holidays would be introduced at Easter, 1980.

The proposal has been made by the building and civil engineering Joint Board. It will be put to the two separate bodies for building and for civil engineering within construction's industrial relations structure.

It is planned to add two days to the five already taken at Christmas and the New Year. This would give a total break of two calendar weeks.

The other four days would be added to Easter Monday to give another one calendar week break.

The recommendation is in line with an agreement in principle reached during the industry's national wages agreement this year. Current paid holiday entitlement is three weeks.

Benn 'damaging oil industry confidence'

BY MAURICE SAMUELSON

INVESTORS AND the oil industry are confused and reluctant to make long-term investment in the North Sea because of Mr. Anthony Wedgwood Benn's dual role in the Cabinet and, as a member of the Labour Party National Executive Committee, Mr. Tom King, shadow Energy Secretary, said yesterday.

Mr. King told the Council of British Manufacturers of Petroleum Equipment that with the confusion caused by the Energy Secretary's wearing two hats, one hat must be removed. "Mr. Callaghan must sack Mr. Benn from the Cabinet."

His call was promised by Mr. Benn's latest expression of support for nationalisation of North Sea oil in his capacity as chairman of the National executive's home affairs committee.

Esso had abstained from the latest round of licence bids, Mr. King said. The only way to start restoring confidence was "the prompt departure of Mr. Benn."

Confidence had also been damaged by the Government's proposals to alter the taxation structure for North Sea oil companies, which had been made "out of the blue."

Although a Conservative Government would be "no soft touch" in taxing oil profits, it would change the tax structure only "after the fullest consultation with the industry."

It would also deal with the industry through "a proper governmental agency" and would review the functions of the State-owned British National Oil Company, stripping it of any advisory role, Mr. King said.

Stable rate of exchange 'maintains confidence'

By David Freud

A STABLE sterling exchange rate gives more hope of maintaining confidence in the future stability of the country than monetary targets, according to Phillips and Drew, the City stockbrokers.

The firm said that growth in sterling M3, the authorities' chosen target-variable, had not in recent years been closely correlated in a demonstrable way with developments in the economy.

If this pattern of divergence persisted, official concentration on sterling M3 as a measure of money supply might weaken confidence in the relationship between monetary growth and inflation. It would thereby undermine the rationale of the authorities' financial policy.

Two other ways of maintaining confidence in the economic system had been mentioned by the Governor of the Bank of England: "Gladstonian budgetary principles and fixed exchange rates."

The firm rules out the first because of the political difficulties involved. However, "the acceptance of a stable rate of exchange for sterling as the lode-star of financial policy is not open to such strong political objections."

Varley pledge to shipyard unions

By Our Labour Staff

SHIPBUILDING union leaders were given an assurance yesterday that no Government decision would be taken on the future of the industry without further consultation with the Confederation of Shipbuilding and Engineering Unions.

Mr. Eric Varley, the Secretary for Industry, told a meeting with British Shipbuilders' top management and union leaders that a meeting would be fixed with the unions at the end of January to discuss the forthcoming corporate plan for the industry. The plan is expected to be presented by British Shipbuilders to Mr. Varley later this month.

Mr. Varley told the union delegation, led by Mr. John Chalmers, general secretary of the Boilermakers' Society, that the Government was concerned to "maximise" the industry's prospects.

He also promised to take into account the unions' own proposals on diversification and on a "scrap and build" policy aimed at preserving jobs.

No mention was said to have been made of the planned overtime ban by shipbuilding workers from January 1 following the disclosure that some 12,000 jobs stand to be axed in rationalisation plans. This represents about one third of the present merchant shipbuilding force.

The unions claim that the loss-making industry is hoping to cut its capacity by 32 per cent by 1980-81 in response to the world-wide shipbuilding recession.

Hosiery industry 5% deal topped up for low paid

BY OUR LABOUR CORRESPONDENT

A 5 per cent pay settlement for more than 100,000 hosiery workers has been agreed between the National Union of Hosiery and Knitwear Workers and the Knitting Industries' Federation.

Some lower paid workers will receive up to 10 per cent under the low pay provisions of the Government's incomes policy White Paper.

The national settlement includes a recommendation that within companies there should be an early examination of the opportunities for further payments through productivity schemes at sectional and departmental level.

There will also be increased unsocial hours and overtime payments, improvements in the industry's guaranteed week and an extra day's holiday from next year.

Mr. John Harrison, director of the Knitting Industries' Federation, said he believed the agreement to be the best possible at national level, given the difficult constraints imposed on negotiators.

Basnett backs Bill to protect homeworkers

By Our Labour Staff

MR. DAVID BASNETT, leader of the General and Municipal Workers' Union, has pledged his union's backing for a Labour MP's Private Bill which calls for a better deal for women working from home.

The Bill is to be introduced by Mr. Frank White, MP for Bury and Radcliffe.

"I regard his Homeworkers' Bill as one of the most important advances since the Employment Protection Act became law," Mr. Basnett said yesterday.

He would be urging other members of the TUC General Council to do all they could to ensure its speedy implementation in Parliament, he said.

Sketchley wins Coal Board deal

By John Lloyd

THE LARGEST cleaning contract ever won in the UK has been awarded to Sketchley Cleaners by the National Coal Board.

The contract is for supplying, cleaning and repairing the workwear of 109,000 mineworkers in the Midlands and South Wales Coal Board areas.

It will be worth £4.5m a year from full implementation of the contract in March, 1980.

Sketchley's industrial division will take over the company's former textile factory in Nottingham to service the clothing for most of the mineworkers, who are based in the Midlands.

The contract will run for three years from March 1980, and is renewable. Over the next 15 months, the company will buy the clothing from several suppliers and rent it to the Coal Board.

Short Brothers seeks more skilled labour

BY OUR AEROSPACE CORRESPONDENT

BETWEEN 200 and 300 skilled and qualified people are being sought by Short Brothers and Harland of Belfast, the Government-owned aircraft manufacturer.

The company needs the extra labour to meet rising demand for its wide-bodied 300 Commuter.

The company has increased its Belfast labour force by more than 1,000 over recent years to a total of 6,260, with several hundred vacancies still to fill.

The growth of activity in production of the 330 airliner has resulted in additional employment at all levels throughout the company. The orders for the aircraft now stand at 34, of which 22 have been placed this year.

Short Brothers is undertaking a recruitment drive throughout Northern Ireland and needs especially professional engineers, who are proving the hardest to obtain.

The company is in the same situation as many other engineering companies, and especially those in the aerospace industry. There is a growing demand for skilled labour as new aircraft programmes come to fruition, but there are too few people to fill the jobs available.

Bid to scrap 711 more Mersey dock jobs

BY OUR LABOUR STAFF

THE Liverpool Dock Labour Board is to apply to the National Dock Labour Board for authority to offer voluntary severance to another 711 men.

A spokesman for the Mersey Docks and Harbour Company, the biggest employer, which is seeking 500 of the redundancies, confirmed the move yesterday.

He said the basis on which severance would be offered had still to be determined. If the men decide to go it will cut the dock labour force on the river to 5,500, two-thirds employed by Mersey Docks. Thirty years ago the port labour force was 18,000.

Last summer 315 volunteers over 55 were sought and 240 left the industry. If agreement is given to the present call the three stevedoring companies involved face lump sum payments of £5m and an approach is likely to be made to the Government for aid similar to the £35m paid to the Port of London Authority.

Peace formula at Halewood

THE UNOFFICIAL STRIKE of 200 white collar workers at the £126m Ford car plant at Halewood, Liverpool, may end today.

Talks between management and union officials yesterday afternoon ended in a peace formula for the manning dispute which started last Friday.

This will be put to a factory gate meeting of the workers at the start of this morning's shift. They will be recommended by the shop stewards to accept the proposals and return to work at once.

Ladbroke enters leasing field

LADBROKE GROUP has established two companies in the equipment and car leasing field.

Mercury Leasing, a wholly owned subsidiary, will lease office, industrial and transport equipment. Ladbroke Leasing (South West) will lease cars primarily in Wales, the West Midlands and the South West through the garage outlets and a regional sales organisation.

Oil platform maker plans to extend yard

By Our Scottish Correspondent

HOWARD DORIS, the Anglo-French oil platform construction company, has sought permission to extend its yard at Loch Kishorn on the north-west coast of Scotland to permit steel constructions as well as concrete.

The yard has been without work since it completed the Ninian Central platform for Chevron this summer. Although its experience lies in concrete construction, the company wants to reclaim 29 acres from the sea chances of winning new orders.

It has applied to the Highland Regional Council for permission tot reclaim 29 acres from the sea to provide an area for the fabrication of steel units.

Recently Howard Doris formed a joint venture with the Dutch group NAPM International to enable the Kishorn yard to provide a design and engineering service for steel, concrete, or a mixture of both.

TUC move for BP board seat

By Our Labour Editor

THE TUC is to press for a workers' representative to be given the seat on the board of British Petroleum vacated by Lord Greenhill.

The idea of filling the vacancy with an employee who is a trade unionist came from Mr. Clive Jenkins of the Association of Scientific, Technical and Managerial Staffs and was adopted by the TUC economic committee yesterday.

There is already one trade unionist on the board, Mr. Tom Jackson of the Post Office Workers, and this year's TUC president. But he, like Lord Greenhill who retired last month, is a Government director.

The TUC, which will put the idea to the Chancellor next Tuesday, sees this as an opportunity for a new kind of appointment while the Government is reviewing its relationship with the company, of which it has 51 per cent control, in the wake of the Rhodesian sanctions-busting affair.

Kodak workers given £4.3m wage dividend

BY OUR LABOUR STAFF

KODAK'S 11,000 workers are to receive a wage dividend from the company estimated to be worth 2.19 per cent of eligible earnings. Manual and white-collar workers have just negotiated pay and productivity rises totalling 13 per cent.

The payment, which the company says falls outside the terms of the Government pay policy, is based on company targets being achieved. The total payment will amount to £4.3m.

It will be payable to all workers in the company, giving 2.19 per cent of earnings during the last five years.

200 to become redundant

MORE THAN 200 of the 2,500 workforce at Laurence Scott and Electromotors of Norwich are to lose their jobs. The company is one of the city's biggest employers.

Medical Defence Union judgment reserved

FINANCIAL TIMES REPORTER

THE HIGH COURT reserved judgment yesterday over a declaration sought by the Medical Defence Union, with 86,000 members, that it need not be treated as an insurance company for Department of Trade requirements.

It is a test case over the coverage of doctors by the defence union and two other medical bodies against malpractice claims.

Mr. John Chadwick, counsel for the Department of Trade, contended that it was in the insurance business to an extent which brought it under the Insurance Companies Act 1974, even though it was entitled to use its own discretion at times over the nature of the indemnity payments.

Mr. Robert Alexander, QC, for the Medical Defence Union, said the Department's claim seemed to be that any benefit, however small, was sufficient to make an insurance contract. This line of reasoning was so wide-ranging as to involve new arguments over insurance law.

It is expected that Mr. Justice Megarry, vice-chancellor of the Chancery Division, will give his judgment on the three-day hearing towards the end of next week.

Judge condemns 'bully boy' talk

LORD JUSTICE LAWTON warned in the Court of Appeal yesterday against employers who were dealing with recognition claims "giving way to the bully boy argument" that smaller unions could not be recognised for fear of industrial action from larger unions.

He was speaking on the second day of an appeal by the Advisory, Conciliation and Arbitration Service against a High Court finding by Mr. Justice May that the service had "misdirected itself in law" in failing to recommend recognition, in spite of strong support, of the non-TUC affiliated United Kingdom Association of Professional Engineers at APE-Allen, a Bedford engineering company.

The outcome of the appeal is considered crucial to the issue of white-collar union recognition and to white-collar union recruitment in the engineering industry.

In his judgment Mr. Justice May said some established unions in the company, including the Technical, Administrative and Supervisory Section of the engineering workers' union, had made it clear that they would take industrial action, including strikes, if UKAPE was recognised.

Lord Justice Lawton, one of the three judges hearing the appeal, said that employers were "giving way to the bully boy argument." He said: "If they say we won't proceed with this because of the bigger unions, then that is a very unsatisfactory state of affairs."

He said the "historical accident" of the procedure agreements in the engineering industry laying down areas for respective trade unions in which other unions could not recruit should be cleared up.

The hearing continues to-day.

هكذا من الأصل

Sharp attacks on inflation policy

BY IVOR OWEN AND JOHN HUNT

AN AGREED basis for protecting the position of the lower paid will be one of the main issues raised in next week's talks between the Government and the TUC, Mr. Roy Hattersley, the Prices Secretary, indicated in the Commons last night.

He announced when he opened the debate on the Government's counter-inflation policy that senior ministers would be meeting the TUC Economic Committee on Wednesday.

With Mr. Denis Healey, the Chancellor, heading the Government team, the discussion would concern "the nature and extent of co-operation during the rest of this pay round."

Despite taunts from Tory MPs, Mr. Hattersley skirted round the failure of the Government's previous attempts to secure some kind of accord on the current pay round.

He stressed the important part which TUC support had played in earlier rounds in bringing the annual rate of inflation down into single figures.

Under challenge from critical Labour left wingers, he argued that some orderly planning of wages offered the only effective means of helping the lower paid.

"Most people accept that free collective bargaining alone cannot meet the needs of the lower paid," insisted Mr. Hattersley. "It is that sort of topic we must start to begin discussing with the TUC."

He also made it clear that the talks with the TUC would cover possible ways of strengthening the role of the Price Commission, particularly in regard to the safeguard clauses which had a limiting effect on its work.

Defending the 5 per cent guideline, Mr. Hattersley maintained that settlements at or about that level would produce earnings increases of about 7 to 8 per cent.

Earnings increases of that order would enable the inflation rate to be held at or about the same figure and, as a result, the overall standard of living would be maintained.

If earnings were to increase at a rate of 15 to 20 per cent, the rate of inflation would increase even faster and, in real terms, the nation would be worse off.

"There is no escape from that simple formula," declared Mr. Hattersley.

He went on to claim that the imposition of sanctions against companies found to have breached the Government's income policy guidelines had helped to secure many settlements consistent with the policy laid down in the White Paper presented to Parliament in July.

The survey published by the Financial Times on December 4 demonstrated this, and evidence of wage settlements reported to the Government provided further confirmation.

Mr. Hattersley argued that the sanctions policy was justified as a matter of principle as well as on practical grounds.

"There are many low paid workers who, during this year, will settle in accordance with the Government's guidelines and indeed many have done so.

"I can see no reason why they should help to finance inflationary wage increases paid to better off groups."

Mr. David Crouch (C., Canterbury) challenged the Minister to say whether sanctions would be imposed against powerful bodies like the TGWU, which earlier in the day had threatened to call a national strike of oil tanker drivers in pursuit of a wage claim in excess of 25 per cent.

There were jeers from the Tory benches when Mr. Hattersley refused to give a direct reply. He emphasised that the Government would not take a decision until the final outcome of the claim was known—the same procedure which had been followed in the case of Ford.

He reminded Tory MPs that their criticism of the Government was not that it had run away from the sanctions policy but that it had applied it too fiercely.

Mr. Hattersley accused the Opposition of "double standards" in attacking sanctions—Mrs. Margaret Thatcher had lost her temper over the Ford case, but had done nothing on behalf of the small companies who had been subjected to the same policy.

While Conservative leaders admitted that they would like to see wage increases limited to an average of about 5 per cent, they had supported a number of awards far in excess of that figure without ever indicating which groups of workers should make the compensatory sacrifices needed to keep the average intact.

Attempts by Labour backbenchers to secure an assurance that the current round of incomes policy would be the last, met with little success.

Mr. Norman Atkinson (Lab., Tottenham, the Labour Party Treasurer) bitterly recalled that Ministers had promised an orderly return to free collective bargaining in 1976-77.

Mr. Hattersley confined himself to observing that there would be a new pay round and a new Parliament next year.

Ignoring the jeers of Tory MPs, he added: "The whole issue will be decided by the new Labour Government."

Mr. Ron Thomas (Lab., Bristol North-West), a member of the Tribune Group, was the first Government backbencher to intervene to challenge the value of the 5 per cent policy to the lower paid.

What mechanism was provided under the capitalist system to ensure that the money saved by profitable firms when their workers agreed to forgo higher wages would be transferred to the lower paid?

He suggested that it made more sense for Ford workers and others to secure as big an increase as possible, leaving the redistributive process to be achieved through the payment of income tax.

Mr. Hattersley replied that, if help was to be provided for the lower paid, unions representing the highest paid would have to make concessions and sacrifices.

Opening the Tory attack, Mr. James Prior, the Shadow Employment Secretary, accused the Government of using sanctions in an arbitrary and discriminatory way, without Parliamentary authority and contrary to common justice.

"We can win the fight against inflation but not at the expense of our traditions of freedom and democracy," he said.

The Prime Minister, he recalled, had admitted that he did not like sanctions and the sooner they were done away with the better.

"We have an opportunity of getting rid of them tonight and fulfilling the Prime Minister's words," he declared. "The wrong seeds have been sown by the Government year in and year out. "Now they are reaping what they have sown and they don't like it. The sooner they give way to others the better it will be."

According to Mr. Prior, one of the main reasons for the present difficulties on the industrial relations front was the lack of a secret ballot.

He challenged the Government to introduce a Bill early in the New Year making funds available for unions to hold secret ballots on strike issues, election of officers and other matters.

If the Government did not wish to introduce such a Bill, then the Conservatives would be prepared to bring in their own measure after Christmas.

The Government, he said, should find time for it as there was not much pressure of legislation in the months ahead.

"We can't go on as we are," said Mr. Prior. "Something has to happen. We are not pushing this on to the trade unions. We know many trade union leaders and those at the shop floor level are in favour of it. Why not let's be sensible and push it through?"

Mr. James Prior: "We can win the fight against inflation, but not at the expense of our traditions of freedom and democracy."

Answering questions from Labour MPs, he said that he would also favour a ballot being taken on whether a strike should continue.

He conceded that in some cases the workers would vote to continue with a dispute, but added: "I am a democrat. I respect the decisions these people will reach.

"It would be a simple Bill. It would have all-party support. Let's get on with it as soon as we have an opportunity."

The public, he maintained, was fed up with seeing a show of hands at mass strike meetings and "the intimidation that goes on."

Mr. Prior was interrupted by Mr. Norman Atkinson, a leading left-winger and Treasurer of the Labour Party, who wanted him to spell out precisely what the Conservative incomes policy would be.

The Tory spokesman replied that he had drawn up a note in anticipation of such a question being asked.

He then proceeded to read out to the House:

"There are obvious dangers in enunciating a general target or norm. Yet, in framing its monetary and other policies, the Government must come to some conclusions about the likely scope for pay increases, if excessive public expenditure or large-scale unemployment are to be avoided."

Putting his note aside, he went on: "The whole of my party wishes to see a far greater degree of discussion in advance of a pay round, as to what the nation can afford to pay.

"That is the only way that we shall get any sense into wage bargaining."

It was curious, he said, that the Labour Party, which had always castigated employers for their meanness, should now be penalising them if they paid too much.

"Sanctions on employers have become the only weapon the Government dares to use to try to even up the imbalance of bargaining power that its own policies have created."

Mr. Prior was particularly critical of the use of sanctions against Ford, and pointed out that the company was putting a huge investment into Britain over the next four years.

While other car companies had been doing badly, Ford had increased its employment in the UK by 7,000 over the past year.

The Ford management was very bitter over the Government's use of sanctions and had taken it very personally.

The sanctions policy had poisoned the relationship between Government and industry generally.

Mr. Roy Hattersley: "I can see no reason why the lower paid should help to finance inflationary wage increases for the better-off groups."

Hattersley totters on the prices tightrope

BY PHILIP RAWSTORNE

MR. ROY HATTERSLEY, Prices Secretary, cut a slightly less impressive figure in the Commons yesterday than his retail price index.

If inflation could always be punctured so readily, the country would have no problems.

Mr. Hattersley set out on his defence of the Government's pay sanctions with all the bravado of a high wire walker. But with the Tories clamouring on one side and the Labour Left on the other, he was soon swaying uncertainly.

The Government would not evade its responsibilities however dangerous or difficult, Mr. Hattersley declared defiantly. If it allowed a wages free-for-all the standard of living would plunge and the position of the low-paid reduced yet further.

Sanctions—or "discretionary action" as Mr. Hattersley preferred — had already helped the Government to maintain the balance.

Mr. Hattersley, responding to the Labour Left-wingers proddings in disagreement, said he knew they were "motivated by matters of principle."

"Party policy," retorted Mr. Dennis Skinner, amid Tory laughter.

But Mr. Hattersley said the Conservatives were merely trying to bring the Government down on any pretext. Was there any better example of the triumph of tactics over principle? Mr. Hattersley demanded.

Mr. Norman St. John Stevas, rising courteously to the challenge, asked: "Has the Right Honourable Gentleman considered his own career?"

The Prices Secretary, pausing to recover his equilibrium, promptly missed his footing again by continuing: "I now want to turn to another example. . ."

Before he continued, Mr. Norman Tebbitt, another Tory, suggested that perhaps he might take Mr. Hattersley back . . "take him anywhere you want" cried a Labour voice.

But Mr. Hattersley stumbled on his way with Mr. Skinner chewing vigorously over every word.

Mr. Enoch Powell eventually drew the Speaker's attention to Mr. Skinner's rumbling indigestion.

Mr. George Thomas called on MPs for good manners—and then completed Mr. Hattersley's downfall by throwing a verbal banana skin beneath his feet.

"Who was speaking?" Mr. Thomas queried, in a remarkable tribute to Mr. Hattersley's grip on the House.

After that, Mr. James Prior shuffled with a great deal of caution from the Opposition front bench.

Where did he stand? Mr. Powell and Mr. Norman Atkinson demanded in quick succession.

Mr. Prior brought out a prepared statement to get his position exact. It seemed to be against inflation but fell vaguely short in balancing wage demands, or pinpointing those industries that would have to accept lower increases.

Mr. Prior was in no doubt, however, of his stand against the Government's arbitrary use of pay sanctions. They were without Parliamentary authority and contrary to common justice, he said.

In a more pointed, if less Parliamentary, phrase Mr. Eddie Loyden added from the Labour back benches that either the Government dropped its sanctions or it would be heading for a fall itself.

Racal opens safety helmet factory

BY MAURICE SAMUELSON

A FACTORY which can produce 2,000 safety helmets a week was opened in Wembley, London, yesterday by Racal Safety, part of the Racal security equipment group.

The 35,000 square feet plant will produce Airstream anti-dust helmets, 50,000 of which have been sold since production started 18 months ago.

Mr. Geoffrey Westcott, Racal Safety's managing director, said production was being expanded to meet a heavy order book, especially from the U.S., where 10,000 helmets had been sold this year. The helmet, which provides head, face, eye and lung protection in one unit, is used in more than 20 countries and almost half the output is exported.

The Wembley factory, opened by Mr. Bill Simpson, chairman of the Health and Safety Commission, will make other products, such as hearing protectors.

Anglo-US lectures

BY MAURICE SAMUELSON

A SCHEME to strengthen Anglo-U.S. relations at university level was launched at a reception given by Mr. James Callaghan, the Prime Minister, last night and attended by about 40 leading figures from industry, commerce and the trade unions.

It marked the formation of a UK committee, under the chairmanship of Sir Marcus Sieff, chairman of Marks and Spencer, to support the work of the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota.

Its aim, through the Hubert Humphrey Award Scheme, will be to enable Britons to lecture at the institute, undertake research there or participate in the post-graduate programme.

In June, the Prime Minister was the first recipient of the Hubert H. Humphrey International Award.

Further family fuel aid planned

BY MAURICE SAMUELSON

FROM THE beginning of next year, more than 1m additional families with young children may be protected from having their gas and electricity cut off if they cannot pay their bills on time.

The safeguards are contained in a revised code of practice announced yesterday by Dr. John Cunningham, Parliamentary Under-Secretary for Energy, which covers families with children under 11 years old.

The present code, introduced in December, 1976, gives this protection only to families with children under five.

Protection will continue to be given to other genuine hardship cases, including pensioners. Millions of copies of the new rules, written in clearer language than the previous ones, will be distributed by the fuel industries early in the New Year.

Dr. Cunningham said there had been a 20 per cent fall in gas disconnections — from 27,500 in the first seven months of 1977 to 21,500 in the same period this year.

But only a fraction were due to customers being unable to pay their bills.

Electricity diconnections (52,000 in the first half of this year) were only slightly below last year's level, and half the supplies were reconnected within three days.

MPs support tougher law on court reports

BY JOHN HUNT

A PROPOSAL to tighten up Press reporting of committal proceedings at magistrates' courts received overwhelming support in the Commons yesterday.

A 10-minute rule Bill introduced by Mr. Nicholas Fairbairn (C, Kinross and W. Perthshire) was approved by the surprisingly large majority of 120 votes (183-63).

His Bill would amend the Criminal Justice Act 1967 and would prevent the reporting of magistrates' court proceedings until a decision had been reached on whether or not a case was to be committed for trial at a higher court.

At present, such a case can be reported fully day by day if one of the defendants asks for reporting restrictions to be lifted.

In fact, a 10-minute rule Bill has no chance of becoming law. It is intended primarily as a test of the opinion of the House on a major question of the day.

But the fact that Mr. Fairbairn's proposal received wide support from both sides of the Chamber indicates that there is likely to be renewed pressure on the subject in the New Year.

MPs intrested in legal matters are likely to try to get their own private members' Bill introduced along similar lines to Mr. Fairbairn's, or to urge the Government to bring in a Bill of its own.

Already, Lord Hailsham, the former Lord Chancellor and a senior figure in the Tory Party, has suggested a further restriction on committal proceedings.

Mr. Fairbairn, who is a Queen's Counsel, yesterday recalled that the Tucker Committee in 1958 recommended that reporting of committal proceedings should be restricted to particulars of the name, charge, and eventual decision of the court. The committee had said that no lesser reform would be adequate or practicable.

Mr. Fairbairn told the House: "All the people in this country are dismayed by the wrongful effects that can arise from the reporting of magistrates' hearings."

It was essential that the trial jury should be impartial and that it should proceed on the assumption that the accused was innocent until proved guilty.

He agreed that there had to be freedom of the Press. But this should be a guarantee of the freedom of the individual.

Opposing the Bill, Mr. Michael English (Lab., Nottingham W.) said it was an inappropriate time to legislate on the subject.

The Speaker, Mr. George Thomas, had warned MPs that the laws of sub judice prohibited them referring to any particular case during discussion on the Bill.

In view of this, Mr. English said that he could not give his reasons for believing that the time was inappropriate although the House would be aware what the reasons were.

"Hard cases make bad law," he warned. "In a democracy, surely we should err on the side of opening the thing to the public."

EIB 'could aid UK projects

By Our Parliamentary Staff

PROJECTS IN development areas could benefit from finance from the European Investment Bank, Mr. Leslie Huckfield, Industry Under-Secretary, told the Commons last night.

He said the Government was prepared to consider for submission to the European Investment Bank viable projects in manufacturing industry which created additional employment in development areas and special development areas.

They would need to satisfy the criteria for assistance under Section 7 of the 1972 Industry Act.

The Government would also consider applications for projects in intermediate areas and projects which safeguarded existing employment in the assisted areas.

City advice sought on Companies Bill

BY ANDREW TAYLOR

THE Government has approached the Stock Exchange to seek its views on the question of whether British companies should be required by law to appoint non-executive directors, Mr. Stanley Clinton Davies, Under-Secretary for Companies, Aviation and Shipping, said yesterday.

The Government has requested City bodies and other interested parties to join in a debate on this issue and also on the question of compulsory audit committees.

Consultations are to take place with the Department of Trade during the next few weeks.

Depending on the outcome of these talks, proposals on audit committees and non-executive directors may be included in the Companies Bill at the Report Stage.

The current debate has been stimulated by amendments to the Bill, proposed by Sir Brandon Rhys Williams, (C., Kensington), which would require major companies by law to appoint non-executive directors and audit committees.

Mr. Davies said that he was an enthusiastic supporter of the aims of these proposals but that previously the Government had not considered that they should be embodied in legislation.

"Perhaps we now ought to think again, and this is the reason behind seeking the wider views of the City and other interested parties," he said.

He stressed that the City had very little time available if it wished to take part in consultations, on these and other issues such as insider dealings. The Bill is expected to reach the report stage shortly before Easter next year.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

APPOINTMENTS

Management moves at Prudential

Mr. E. J. Braybrook, taxation manager of the PRUDENTIAL ASSURANCE COMPANY, will be retiring on December 31. From January 1 Mr. J. A. Freeman, assistant secretary, becomes deputy secretary, and Mr. R. W. Paget is to be taxation manager.

★

Mr. Phillip Bellamy, managing director of Eurotherm Produkte (Schweiz) AG, and Mr. Terry Brewer, president of Eurotherm Corporation, U.S., have been appointed to the board of EUROTHERM INTERNATIONAL.

★

Mr. H. E. Nethercliff who has been associated with the company since its foundation in 1926 has retired from the Board of BROADSTONE INVESTMENT TRUST.

★

M.I.M. HOLDINGS has appointed Mr. K. C. O. Shann as a director. He retired recently as chairman of the Commonwealth Public Service Board after a distinguished career in the Australian public service.

★

The Ministry of Defence announces the following promotions: Brigadier O. J. Kinahan is to be Paymaster in Chief, Ministry of Defence, in March in the rank of Major-General in succession to Major-General K. Saunders who is to retire. Brigadier M. H. Sinnatt is to be Director Combat Development (Army), Ministry of Defence, in March in the rank of Major-General, in succession to Major-General E. A. Burgess.

★

Mr. John Davies is the new director of CRYSTAL PALACE NATIONAL SPORTS CENTRE. He takes over from Mr. Emlyn Jones, who was the first Crystal Palace director in 1962.

★

BURNETT AND HALLAMSHIRE HOLDINGS announces that Mr. A. Seddon has been appointed a director of its subsidiary, Camm (B and H). Prior to joining Camm's in 1977, Mr. Seddon was senior co-ordinator for development for the Severn Trent Water Authority.

★

REED EXECUTIVE announces a number of changes in group companies. Mr. John Cooper, currently group financial director, is appointed managing director of Medicare in addition to his responsibility as chairman of Reed Travel, from January 1. Mr. Charles Ison, the company secretary, will take responsibility for financial control of the company. Mr. Romney Rawes, currently operations director, is appointed managing director of Reed Employment and will extend his responsibility to cover Reed Nurse and Reed Industrial. He continues as chairman of Reed Executive Selection.

★

Mr. C. Hill has been appointed general manager of the newly formed Perkins division of POWER DIESELS AND ELECTRICAL. He joins from Industrial and Marine Engines, Bristol, where he was a director.

★

Mr. R. Leigh-Pemberton has been appointed a director of THE EQUITABLE LIFE ASSURANCE SOCIETY from January 1. From that date he will relinquish his directorship of University Life Assurance Society, an associated company of The Equitable Life.

★

IBERIA has appointed Mr. Enrique de Guzman de Ozamiz as president. Mr. de Guzman was chairman of the Board of Spanish Railways (RENFE) and is at present sub-secretary of Civil Aviation.

★

ROYAL WORCESTER announces that Lord Nelson of Stafford has been elected non-executive chairman of the company with immediate effect following the sudden death of Sir Ronald Fairfield.

★

Dr. Pierce D. Parker has been appointed chief geologist of AMAX INC., U.S. He will help guide strategic planning for Amax's exploration and mineral evaluation programmes.

★

Following the death of Mr. A. A. Creamer, the Lord Chancellor has appointed Mr. Joseph Radford to be the PUBLIC TRUSTEE.

★

Mr. Kenneth Green has been appointed managing director of E. JOPLING AND SONS, the Sunderland steel foundry and one of the five steel foundries of the Weir Group. He was formerly general manager and a director.

★

Mr. Michael J. Wellman, vice-president, has been appointed CITICORP INTERNATIONAL GROUP representative in Tokyo. He takes responsibility for Citicorp merchant banking services in the Japanese market from January. Mr. Wellman has been with Citicorp International Bank in London for the past three years.

★

Mr. Roger Davies has taken over all aspects of the tour operating side of the Thomson Travel group, and has been appointed managing director of Thomson Holidays. He continues on the parent Board as assistant managing director of Thomson Travel.

★

Mr. Karel Prochazka has been appointed manager of the London branch of the ZIVNOSTENSKA BANKA NC, from January 1 in succession to Mr. Jan Vinter who is returning to Czechoslovakia after spending six years in London.

★

STERLING ESTATES, a subsidiary of Royal Insurance, announces the appointments of Lt. Col. A. F. Johnson as chairman and Mr. H. E. Barker as deputy chairman and managing director.

★

Miss Rosina M. Harris has been appointed to the Board of BLUNDELL - PERMOGLAZE HOLDINGS as a non-executive director from January 1. Miss Harris is the senior partner of Joynson-Hicks and Co., solicitors.

★

Mr. M. J. Conway, production manager, Shildon Works has been appointed commercial manager (UK operation) at Derby headquarters BRITISH RAIL ENGINEERING. He succeeds Mr. H. J. Iron who has retired due to ill health.

★

The HEPWORTH IRON COMPANY, manufacturer of vitrified clay underground drainage systems and cable conduit, has appointed Mr. Peter G. Marland as managing director of its European operations.

★

In the first quarter of 1979, Alcan's European management company in Geneva, ALCAN ALUMINIUM (EUROPE) S.A., will be strengthened by the appointment of three vice-presidents—Mr. Gerald Clark, currently deputy to the executive vice-president — Atlantic region in Montreal; Mr. Harry Lester, currently national chairman, Italy; and Mr. David Morton, currently vice-president — corporate planning, Montreal. Mr. Morton's appointment will be in addition to his recently announced post as managing director, Alcan Aluminium (UK). Mr. Clark and Mr. Lester will be working from Geneva and Mr. Morton from London.

★

Mr. Robert B. Stoker, chairman of Manchester Liners, has been appointed to the Board of CHARLES HILL OF BRISTOL.

★

Mr. Roy Astrop has become a director of PORTLAND SHOES (EXPORT).

★

Mr. John V. Lupton has been appointed to the Board of HERON SERVICE STATIONS, HERON EASYGAS and HERON MOTOR-CYCLES from January 1. He was previously financial controller.

Lloyds Bank regional board member

Mr. Joseph F. M. Braithwaite has been appointed to the Eastern Counties regional board of *LLOYDS BANK from January 1.* He is vice-chairman and managing director of Baker Perkins Holdings.

★

Dr. M. A. Smith has been appointed production director of FISONS agrochemical division from January 1. He succeeds Mr. T. A. Coslett who, as divisional vice-chairman, retains his overall responsibility for employee services, health and safety and environmental matters, and for the purchasing function.

★

Dr. Roger W. Brimblecombe, deputy director of the research institute of SMITH KLINE AND FRENCH RESEARCH, has been named vice-president, research and development—Europe, from January 1. This follows the resignation of Dr. W. A. M. Duncan who is to join ICI pharmaceuticals division as deputy chairman.

★

Mr. Glenn Webb has been appointed director and general manager, DESMO, Brierley Hill, West Midlands, which includes car accessories manufacturers, Brexton, and its picnic leisure products plus the newly-named CCP caravan and camping products division, all part of the Harris and Sheldon Group.

★

On April 1 Mr. M. S. Gurner will become managing director of the BELL GROUP of companies. Mr. K. R. Small will become managing director of Bell and Co. (Westminster) and will be joined by Mr. R. L. Greenhead who will become a director.

★

ZURICH LIFE ASSURANCE COMPANY announces that Sir Denis H. Truscott retires as chairman and Mr. B. J. Birkle retires as a director on December 29. Mr. Eric Lucas, managing director, becomes chairman. Sir Denis also retires as chairman of BEDFORD GENERAL INSURANCE COMPANY and Mr. Eric Lucas, an existing director, becomes chairman. Mr. Harold Waddicor has joined the Board.

★

JAMES McNAUGHTON PAPER MERCHANTS, Camberwell, London, has appointed Mr. Ian George to the board.

Marketing prize for professor

PROFESSOR Michael Baker of Strathclyde University was presented with the gold award of the Institute of Marketing's Marketing Authors of the Year scheme yesterday. The award carries a £500 prize.

The silver award went to Mr. M. H. B. McDonald, of Cranfield Institute of Technology, and the bronze to Mr. R. L. Willsmer who runs an advertising agency.

Council expands factory space

THE OPENING today of Nottinghamshire County Council's second advance factory and two new unit workshops on the Fulwood industrial estate, Sutton-in-Ashfield, brings into use another six factory units built by the council to help small companies.

هكذا من الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Robot to work on assembly lines

UNIMATION has developed a lightweight and precise industrial robot intended to operate on an assembly line side by side with human workers.

PUMA, for programmable universal manipulator for assembly, positions objects to an accuracy of plus or minus 0.004 inch (0.1 mm) and has five axes of motion corresponding to a human being's waist, shoulder and elbow rotation; wrist bend, and hand rotation.

Load capacity of the Puma is 7.7 pounds (3.5 kg), which includes the end-effector. Arm tip velocity is 3.3 feet/second with maximum load.

Electric servos position the arm of the Puma and the unit is taught a routine by either a "teach module" or optional computer terminal, but both methods may be employed together, where appropriate. The programming language used is the Unimation proprietary "VAL."

Although they are still at the pre-production stage, several units have been sold for job evaluation. For example, General Motors is using a number of new robots in an experimental small-batch assembly programme for putting together automotive components. Other applications include industries where small parts are now manually assembled.

A measure of Puma's dexterity and accuracy is the fact that it can insert lamps into automobile instrument panels.

Unimation (Europe) Units A3/A4, Stafford Park 4, Telford, Salop TF3 3AX. Telford (0952) 618931.

Grand Metropolitan front office move

AFTER extensive evaluation, Grand Metropolitan Hotels is to instal Hoskyns Systems for the front-office operations of its medium-sized London hotels. A first installation of a Hoskyns microprocessor-based unit within the group was made at the St. Ermin's Hotel in September. This proved so successful that Grand Metropolitan has decided to put in a further eight before May 1979. The order is worth about £150,000. The equipment uses the Intel 8080 micro.

Benefits include a higher level of service and attention from receptionists who are freed from repetitive administrative tasks. Guests also find bills much easier to understand as full English descriptions are given for all charges incurred.

The Hoskyns unit is a good example of the application of microprocessor technology. It provides all of the facilities normally associated with sophisticated and expensive computerised systems. Use of microprocessors enables these facilities to be provided at a very economical cost—prices start as low as £9,500 for a full hardware and software system. At this price level all but the very smallest hotels can cost justify the system.

The full range of front office activities is covered including reservations, guest accounting with charges entered from source using a compact terminal, and hotel administration, including room status reporting. Staff no longer do repetitive tasks such as posting apartment charges each night and producing arrival, current guest and departure lists.

Management gets more accurate and up-to-date information; for example, the ability to see at a glance the exact reservation picture for any day in advance or to produce up-to-date and accurate sales analyses for each point of sale.

Hoskyns Systems Development, 145, St. John's Street, London, EC1V 4QT (01-251 4581).

● POWER

Generating sets save power

AVAILABLE as a mobile or static unit, with either push-button electric start or automatic start following mains failure, a 760 kW, 950 kVA generating set from Petbow is said to be eminently suitable for offshore, construction site or similar applications.

Driven by a Cummins K 16-cylinder diesel engine, it is said also to be adaptable as primary power for base load operation in factories and offices.

The set has no external piping, leads or attachments, says the company, and freedom from vibration is achieved by means of a double-frame method of construction in which both engine and alternator are mounted together on one frame.

More from Petbow, Sandwich, Kent (Sandwich 3311).

Finding or selecting a cable

CABLEHOUND II is a newly developed version of Vero Systems (Electronics) portable wire identification system.

It functions in two modes: in the "identify" mode, it will automatically name any wire in a multicore cable, the wire number being shown on a digital display. By switching to "select", Cablehound II will select any wire from 1 to 100 by push-button. When the selected wire is touched a buzzer sounds. Thus, by successively dividing a bunch of wires, the selected wire can be found in less than seven moves without reference to the display.

Cablehound II can be used during cable wiring to ensure correct assembly and also as an aid for manual wiring testing. The unit is supplied with both a high-resistance wrist strap—simply touching the exposed end of a wire will register—and a low-resistance probe.

Operating from a single PP6 battery with at least a year's life, Cablehound II is portable and independent of any mains supply.

Vero Systems (Electronic), 362, Spring Road, Sholing, Southampton, Hants SO9 5QJ. 0703 440611.

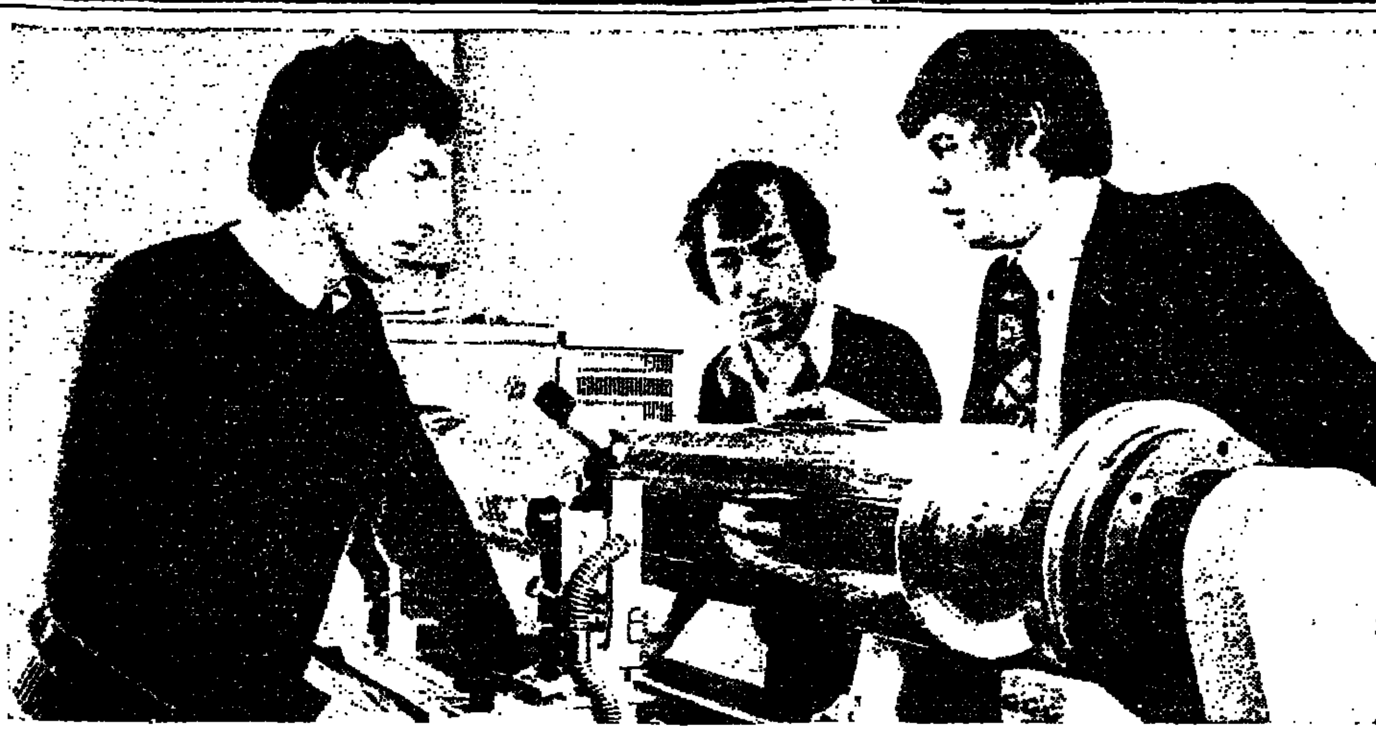
Small air generator

LATEST SOURCE of compressed air from The Hydrovane Compressor Company only occupies 0.75 square metre of floor space but is able to supply 18.4 litres/sec (39 cu ft/min) of free air at a pressure of 7 bar (100 lb/sq in).

By employing an acoustically engineered cabinet the company has achieved a noise level of only 59 dBA at one metre.

Known as the 43 Air Centre, the equipment is provided with fully automatic or constant running control. Its specification includes a star delta starter, aftercooler, separator and drain facility. In addition an electronic control panel, which monitors all phases of compressor operation includes an hours counter, air pressure and oil temperature gauges as well as various monitoring lamps.

More from Claybrook Drive, Redditch, Worcestershire B98 0DS (Redditch 25522).



The engraving end of a Hell K200 Helio-Klischograph machine installed at Summit Gravure, Bamber Bridge, Preston, Lancs. This equipment is designed for the direct electronic engraving of gravure cylinders which are used by printers of decorative materials, wall coverings and packaging. This machine, for which the sole agent is the Pershke Price Service Organisation, will enable Summit to produce cylinders up to a maximum width of 1,775 mm and 1,400 mm in circumference.

● MATERIALS

Skid-proof surface will wear well

ANTI-SKID material developed in Britain for severe industrial conditions has come through a series of tests in Norway with flying colours since it has stood up to heavy salting and to the effects of studded tyres when applied to a frequently-used road bridge.

Dynagrip was developed by English Abrasives as a means of applying a non-skid coating to virtually any base material, both indoors and outdoors. It will bond to any clean surface, including wood, stone, metal and concrete and, the developer says, is inexpensive, apart from preventing accidents.

English Abrasives, Hulme Hall Road, Manchester M15 4LU. 061 834 3602.

Holding a mirror to the world

HIGHLY REFLECTING glass, which provides home owners with greater privacy without reducing interior lighting, is being offered by the Schott Group of Mainz.

Comparable with certain of the reflective, insulating glasses specified for heat-control and aesthetic purposes on high-rise office buildings, the "Calorex" glasses can be used with conventional double glazing and in structures such as patio doors.

Developers claim that the glass does not alter colour values inside the house and that it adds very considerably to the appeal of any structure, particularly in rural and garden settings.

Schott Gruppe, Hattenbergstrase 10, 65 Mainz, German Federal Republic.

New look paving surfaces

IN THE Channel Islands, Granite Products, St. Peter's Valley, Jersey, has introduced a range of sand/cement facing bricks and paving setts in standard and special colours.

Apart from natural (sand), shades include red, rust, yellow, marigold, flint brown and slate. Special colours can also be supplied.

The bricks and setts can be delivered in quantities of 500 to sites anywhere in the British Isles and France says the company (a subsidiary of Robert Brett and Sons, Canterbury).

Plant for the bricks and setts was supplied by Herbert Alexander of Leeds and comprises a Hercules press with manual take-off, fed by a continuous mixer.

Outwears metallic bearings

BY REDUCING the coefficient of friction at the roll necks in rolling mills to values substantially lower than can be achieved with metallic materials, bearings of Texolex, a laminated composite material made from cotton fabric and phenolic resin, can save up to 25 per cent of the power needed to drive most types of steel and non-ferrous rolling mills.

Energy savings achieved after changing from phosphor-bronze bearings to the fabric bearings have varied from 10 per cent in reversing blooming mills to 25 per cent in merchant mills. In continuous billet, bar and wire mills, energy savings have averaged 10 per cent on the roughing stands and 20 per cent on intermediate and finishing stands.

In many rolling mills, an additional benefit found is that the fabric bearings have a life of up to twenty times as long as the bronze bearings used before.

Formulations for Texolex bearing materials are constantly being developed. Five grades are currently made, four of which contain a finely divided mineral loading which both increases wear resistance and simultaneously applies a polishing effect to the roll necks. The fifth grade, Texolex KM, is designed for mills that suffer very high shock-loads, and has higher crushing-strength and impact-resistance at the expense of some reduction in wear-resistance. All grades carry a surface impregnation of colloidal graphite to assist running in.

Reyrolle Parsons moulding division, Queensway, Team Valley Trading Estate, Gateshead, Tyne and Wear NE11 0QU Gateshead (0632) 872224.

● COMPUTERS

Micro to provide a hefty punch

MANY MICROS have been announced with "features traditionally found in large mainframes." But very few, to date, have been able to claim a virtual memory operating system, up to 40 Megabytes of disc store capacity, and Cobol, Basic and Asgol programming languages for business and systems applications, as offered for immediate use under the designation VDP-1000 by Datatype Systems.

Lear Siegler display terminals, with varying degrees of programmability and operator convenience, can be supported up to a maximum of 40. This company is the original developer of the VDP-1000.

All three languages offered are controlled by the VDP-1000's virtual memory operating system and instruction set. Many small computer systems require both the system's operating system and complete application program to be resident in memory. With the VDP-1000 Data System, both are resident on disc and are brought into the system in segments as required. Consequently, users can develop large programs at sizes that greatly exceed the VDP-1000's physical memory size.

Starting with a choice of two disc systems and three languages, the user sets up a system. To this, he can apply additional storage — up to four 10 Megabyte disc drives or 5 Megabytes of floppy capacity. Users can upgrade their consoles with a choice of five intelligent terminals, with varying degrees of programmability and operator convenience.

Datatype Systems, 22 Market Place, Wokingham, Berks. 0734-791 384.

Terminals talk to anyone

LOGABAX, the French peripherals group, has new keyboard, matrix printer terminals, the LX1010 and the LX1030, able to talk to many different computers.

LX1010 is an interactive KSR terminal, capable of operating under APL and emulating, amongst others the IBM 2740.

The more powerful LX1030 is a programmable, 16K printer/keyboard terminal with dual floop discs for data storage and program loading.

These terminals are intended for on-line data acquisition applications, providing local validation facilities and synchronous or asynchronous transmission at up to 2400 bauds.

With print speeds of 180 characters per second and density options of 10, 12 or 16.5 characters per inch, many paper and forms handling peripherals are available.

Communications protocols for all major mainframe manufacturers' terminals are also available.

Logabax, 1-7 Wesley Avenue, London NW10 7BZ. 01-965 0061.

Diminutive printer

TO BE marketed in February by Bowmar Instrument is a microprocessor-based thermal printer which measures only 4.8 by 4.0 by 3.8 inches and weighs about 1 lb.

Printing one line of 18 characters each second, the TP-3150-2 uses a solid state thermal print head in a 5 x 5 matrix. ASCII seven-bit data is accepted in parallel or bit-serial form at 110 baud. The drive mechanism uses a single high torque stepper motor to minimise the number of moving parts.

The machine will recognise "carriage return," "line-feed" and "back space" ignoring any others and not entering them in the first-in first-out buffer; lower case alphabetic characters are converted and printed as upper case.

Applications envisaged are in microcomputers, test equipment, point of sale and medical electronic equipment.

Bowmar is at 43, High Street, Weybridge, Surrey (Weybridge 51341).

Alternative to cassette

FOR SMALL business systems or in industrial control applications the Extel Microdisc provides a low cost portable storage alternative to cassette recorders.

Typical applications will be in data terminal enhancement, with reduced transmission times and improved editing and formatting ability, data storage in control systems, and for database use in microprocessor computing systems.

Over 200,000 characters can be stored on the miniature flexible disc, and the unit offers full add, delete and replace editing of file contents with high speed searching for chosen strings of up to 15 characters.

An RS232 compatible device, the recorder uses the Shugart flexible disc drive with internal microprocessor control, reducing external controls to a minimum.

The internal micro software is stored in resident memory so that no operator loading is required.

More from Exchange Telegraph Company, 73, Scrutton Street, London EC2A 4PB (01-739 2041).

● COMMUNICATION

Colours to convince the driver

MOTORWAY SIGNAL equipment of a new type will be tested on the M1 next year.

Rank Optics has been awarded a contract by the Transport and Road Research Laboratory to produce ten of the new signals which, for the first time, will include the use of different colours. The signals will tell drivers what the problem is, how far it is ahead and display a speed limit.

At the top of each signal the advised maximum is displayed; in the centre is the pictorial reason for the limit surrounded by the standard red triangle and at the bottom of the signal the distance to the hazard is shown.

The reason for introducing this new informative multi-signal is that research has shown that drivers tend to ignore speed signals when the need for them is neither explained nor obvious.

The signals will use fibre optic technology to give multiple legend colour facilities and to lower power consumption (which is particularly important). Without the development of fibre optic technology such signals could not have been created.

Britain is a pioneer in this field and many UK fibre optic signs are being used by a number of overseas countries.

Further data from Rank Optics on 0532 624601.

Items for a dialler

INTENDING manufacturers, and individuals brave enough to make the attempt themselves, might be interested in a kit of 10 semiconductor components that can be used to construct a telephone repertory dialling unit.

Known as Fairdial TM, the kit is based on an isoplanar NMOS telephone controller circuit and also includes two 1k random access memories, two CMOS gate circuits and five TTL circuits.

Although Fairchild emphasises that it has no intention of making the end product itself, it has made up a prototype to demonstrate capabilities. Forty numbers are stored in a "telephone book" memory, two are in a scratch pad memory and one is in the entry buffer. The set interfaces with a seven segment LED display.

The unit will supply pulse dialling at either 10 or 20 pulses per second, or optional tone dialling—in the latter mode, useful only with suitably fast exchange switches, a 12 digit number can be transmitted in under one second.

Fairchild Camera and Instrument is at 230 High Street, Potters Bar, Hertfordshire (Potters Bar 51111).

Tough phone for kiosks

DEVELOPED BY Elscint of Haifa, an electronic coin-operated telephone known as Payaphone is housed in a strong case with 0.19 in steel walls, has operating mechanisms that are virtually maintenance free, and compatible with all existing telephone networks.

Users may insert coins of up to three specified denominations; these are automatically classified (by diameter, thickness and material), their value added up and the caller credited. During the call the instrument receives metering pulses from the exchange at intervals of half a second and these are charged against the amount of money deposited. Call rates are varied by the PTT authority by changing the rates at which the pulses are sent out.

At the end of the call the unit returns any prepayment in excess of the incurred charge. The coin container has a volume of two litres.

Operable at temperatures between −20 and +60 deg C, the unit measures 620 x 330 x 170 mm and weighs 45 kg.

Elscint (GB) is at 5 Priestley Way, Crawley, Sussex (0293 21285).

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

The 'scandal' of production costs

BY MICHAEL THOMPSON-NOEL

Television commercials cost up to £100,000 to produce. But according to one marketing specialist: 'We know we're being ripped off half the time.' A new report casts light on this murky area.

TAKE A close look, this evening, at the Yuletide commercials now lighting up the TV breaks like canned glitter in the evening gloom and try to guess what they cost. £10,000? £25,000? Something interestingly in excess of one hundred thou? "Guess" is the operative word, for the range of production costs of individual television commercials is huge. At the same time there is virtually no hard data available in this area, which is why the subject of production costs generates great heat and light in most marketing departments.

The London advertising agency Wood Brigdale and Company has just conducted a pilot survey among 200 leading marketing companies with the aim of establishing a basis on which advertising and marketing men can assess and track their production costs.

The survey has thrown up a wealth of data. But it has also exposed, like a running wound, a remarkable degree of distrust, disquiet and raw suspicion. The range of production costs for individual commercials is as wide as a chasm: from £2,300 to £100,000-plus. In the absence of any sufficient explanation for *these differentials, says* Wood Brigdale, it is small wonder that marketing professionals are severely dissatisfied. Most of Wood Brigdale's respondents were overwhelmingly critical. According to one: "Costs are outrageous: the industry needs a drastic overhaul." From another: "To paraphrase Lord Leverhulme, we know we're being ripped off half the time, but we don't know which half."

Does it matter? According to *Wood Brigdale's chairman, John* Wood, TV commercials are the most potent instruments of selling available to marketing professionals: "To have the proper assessment of commercial production obfuscated by doubts and frustrations occasioned by a simple lack of information, and to have otherwise sound professional relationships (between agencies and clients) tainted by these doubts is, in the current economic climate, a luxury which all concerned cannot afford."

This is especially relevant at present, given the current move on both sides of the Atlantic to much tighter surveillance of advertising costs and accounting procedures.

Television is the biggest national advertising medium in the UK. Last year (AA definitions) it took £398m, or 26.5 per cent of the total advertising *spend, vs. £254m for the national* Press and £116m for magazines. For many consumer goods companies it is the single most important medium for generating sales, which is why the ad industry devotes whole squadrons of sophisticated analysts to the task of trying to ensure that the money is efficiently spent. This is not the case with production costs.

The Wood Brigdale survey was initiated earlier this year. According to the agency, in earlier, easier times, such a survey might have been considered a footling enterprise. However, the recent sharp escalation of costs has created a situation where they can no longer be considered marginal within overall marketing budgets.

"Further, as television is a medium vital to the vigour and success of marketing companies, so any related area which is devoid of hard data is commensurately filled with opportunities for destructive misjudgments and misunderstanding, and is, therefore, vitally in need of data. It is a truth, and not a trivial one, that the price of a commercial is no indication of its value. It is also true that if a marketing professional consistently is asked to pay above his industry's average for television commercials, then it is useful for him to know so. Further, it is reasonable for him to expect a well-argued reason for so doing."

The survey, says the agency, *is based on the best estimates* possible by the 200 companies approached. It does not distinguish between videotape and film costs, between the cost of one time length and another—nor, for that matter, between cinema and TV commercials.

Among the main findings were these. The average cost of a commercial made in 1977 was £17,990. Cosmetics commercials, at an average of £24,286, were the most expensive; retail, at £10,000, the least expensive. Other averages by category: tobacco, £20,750; drinks, £19,792; confectionery £19,583; food, £17,889; toiletries, £16,643; durables, £16,616.

Of the 200 companies approached, 148 responded, some with marked intensity. Fifteen have a turnover of £1bn-plus, a further 40 a turnover of £500m-plus. Forty-eight employ 50,000 or more. Twelve spend £5m-plus on advertising annually and a further 71 £1m-£5m. The companies surveyed spent a total of £315m on advertising last year, or 21 per cent of the national total *of £1.5bn.*

On location in Brazil: marketing companies on both sides of the Atlantic are now insisting on much tighter surveillanec of advertising costs and accounting procedures.

An amazing number of companies seem to be operating almost totally in the dark. Only 28 per cent of respondents correctly assessed their costs in relation to their own industry average; 3 per cent could make no assessment. Of the 69 per cent who guessed incorrectly, 34 per cent thought their costs were average when they were in fact above average.

Of the categories surveyed, the one which spends the least on advertising, cosmetics, spends the most on production—on a unit basis. The cosmetics companies, accounting for only 0.7 per cent *of the total UK ad spend, laid out* an average of £24,286 per commercial on production last year, 35 per cent above the all-industry average. Conversely, the free-spending retail category spent the least on production. (The retail figures are based on only six respondents, though all are major advertisers.)

The drinks category (both hard drinks and soft) had the highest percentage of companies reporting some production costs above £40,000 per commercial, as well as the highest proportion of companies reporting costs below £5,000. The average number of commercials made across all industries last year was six per company. The highest cost reported for a single commercial exceeded £100,000, though by how much we do not know.

The best value for money Wood Brigdale could unearth was a commercial made in 1974 for £3,200 that had helped propel a new brand to market leadership. It has been used in each succeeding year to sustain *that position and has been* adapted for use in the U.S. and on the Continent. (It does not sound as though it won anything at Cannes.)

Thirty-second time lengths were by far the most popular, particularly in food, cosmetics, confectionery, tobacco and retail. Sixty-second commercials (or above) were rarely used; seven-second lengths almost never.

So much for the data (there is a lot more of it in the report). From the benchmark figurework, John Wood moves on to a discussion of some of the underlying considerations. For instance: "Is there any relationship between the cost of a commercial and the effectiveness of a commercial? Is it, as some think, necessarily more expensive to make 'image' commercials than 'selling' commercials? Is that distinction itself a valid one?"

To help ease us into this minefield, he distinguishes between two sorts of costs: content and craft costs. The first is the cost of the idea (does it require 300 extras or three, an exotic location or a studio at Isleworth, a big set or a table top?). The second is the cost of handling the idea (the choice of production company, director, process).

Recent comparative cost analysis of matched years of advertising by 100 leading adver*tisers suggests that inflation of* the *content* costs of commercials has been more marked recently than the inflation of handling costs. Simply, commercials today contain more expensive ideas than in 1974.

"One motivation behind this trend appears to be the belief that impact comes from 'entertainment' and that entertainment derives from ever more elaborate situations. Underlying this belief is the assumption that commercials are in competition with other commercials and with programme material for a slot in the consumers' crowded memory on the basis of entertainment alone. This assumption is beguiling but false . . . attention is a necessary condition for persuasion but entertainment is not a necessary condition for attention, though it can be contingent."

As for the craft costs of commercials, these, too, have undergone notable recent inflation, though the rate, says John Wood, has not generally exceeded the inflation of other costs in the industry.

How "good" need a commercial be? It is a curious truth, he says, that it is has never been possible to establish a correlation between the craft quality of a commercial and its effectiveness. "In the end, any judgments as to the reasonableness of both the content and the craft costs of a given commercial must, primarily, be subjective." That said, the following six points may serve to focus on the issues at stake:

● Any firmly based, clearly stated, advertising strategy is susceptible of any number of executions. There is never one and only one way of executing a strategy.

● In general, the impact of a given commercial has an inverse relation to the complexity of the image. *Less* is more.

● Execution can never be a substitute for strategy. However well made, a weak idea makes a weak commercial.

● There is no correlation whatsoever between the cost of a commercial and the effectiveness of that commercial.

● There is no absolute correlation between the cost of a *commercial and the "quality" of* that commercial (in production terms, incompetence costs as much as brilliance).

● In *general*, if a commercial *must* have a particular director or a particular cast, it is dangerously reliant on surface values and not on substance. (This is not to say that particular commercials do not benefit from the particular talents of particular directors.)

According to John Wood, if it can be correctly asserted that the elements of effective commercials—relevance, simplicity, polish—are essentially non cost-bearing, then it follows that one must search elsewhere for the cause of content cost inflation. In this connection, he summons up research work by Paul and Geneviere Finebarger, experts in propaganda theory, whose work supports an extrapolation into the realms of advertising. On this basis it is possible to believe that the creation of advertising is a process of meeting personal, peer and career goals first, and of meeting client company goals second.

This is a tricky and contentious area. As it is close to Christmas, I do not intend to pursue it, but as a reading of John Wood's report bears out, the whole issue of production costs demands closer discussion and study. These days, total *production* costs for a given commercial can be the equivalent of a modest advertising budget, which in turn fosters concentration of the power of TV in the hands of the biggest advertisers.

And nobody wants that.

The Question of Costs. Wood Brigdale and Company, Kent House, Market Place, London, W1 (01-636 3152). £24.

The happy medium

BY JOHN SIMMONS

CASH PRIZES and provocative incentives such as "A Grand Holiday for Two in Thailand" are usually offered to housewives wittily completing an execrable limerick in praise of the product. As if to celebrate the final revel in a year of luminous advertising festivals, the 1978 Radio Industry Awards sponsored by Marketing Week inverted the usual rules of advertising competitions by innovating cash awards to the advertising agency writer creating the year's "most outstanding radio commercial" — and thereby subtly implied that most radio commercials are outstanding anyway.

Which is precisely what fiestas of creative advertising are supposed to be about: to promote the medium and excite the profession. The best lessons in media promotion can be learned from the multi-coloured swop shop festival mounted by the Screen Advertising World Association, which recognises the prime motivating requirement by usually awarding certificates to at least 20 per cent of its Cannes devotees. The London TV Awards hooley also beneficently cares for the needs of its sponsors and anxiety-prone creatives with a two-hour short-list show. The Rank Cinema Awards finds it difficult to extend product category award *nominees beyond one or two* apiece, largely because, it is suggested, there are few commercials produced specially for cinema, although the real reason could be a hard jury unconcerned with the usefulness of encouragement.

The Press doesn't provide an exclusive collective event, and rely on the Creative Circle, DADA and Campaign to monitor and mark good print advertising. The poster contractors prefer to invite a few media buyers and clients to appreciate some bonhomie in Bordeaux, and the actual creators of the year's most outstanding posters have had to stay thirsty and anonymous.

It's tough to win a radio award; audio sans video is not easy for writers who are accustomed to visual support, and it's particularly difficult to win recognition at the Radio Industry Awards: only one silver microphone winner per category is heard. Unlike TV expos, no runners-up are played so that 800 enthusiasts are deprived of the satisfaction of selecting their personal preferences.

Mood it could be: here you have a jury that includes a curious claque of sales directors and just about the same 1,200 commercials competing in November's Campaign Radio Awards; only three winning commercials could claim a double.

The three are indeed outstanding: Colman and Partners, pre*viously known* as L.A.P. and now owned by Guinness, scoring again with their Peter Sellers series for Camping Gaz, Hall Advertising (representing the Saatchi and Saatchi presence) for Scottish Health Education, and Tony Hertz's funny series for Tartan. Juries like fun, and so would you after listening to over 1,000 commercials.

Overcoming any embarrassment as jury chairman, John Salmon, creative director of Collett Dickenson Pearce, accepted three category awards—for Walls Pork Pies (Alf Garnett), Pretty Polly Tights and Barclays Bank. Long overdue, Mallerman Summerfield James' very popular "Richard Shops Pretty Things" were awarded two silver mikes, for best retail commercial and best use of music.

"Fly the Tube" (Foote Cone and *Belding for* London Transport) is excellent in all media; the television commercial is brilliant filmcraft; the radio commercial keeps the campaign flying high. And if there were a prestige creative poster event, the fly-over garage door exposing the silver train would be a certain winner.

Meanwhile, heading for £35m in 1979, independent local radio is a very happy medium.

John Simmons is creative director of The Simmons Consultancy.

Brooke Bond spends £½m

BY PAMELA JUDGE

BROOKE BOND is putting *£500,000* behind its latest three-month TV and poster drive for PG Tips *big bags.* Two new chimps commercials have been filmed and the posters will feature a variety of everyday situations. The tea market is worth over £300m. Tea bags account for 40 per cent of sales. The BB PG Tips publicity budget next year is £2m.

● MALLERMAN SUMMERFIELD James has retained the £500,000 Alfred Marks Bureau account.

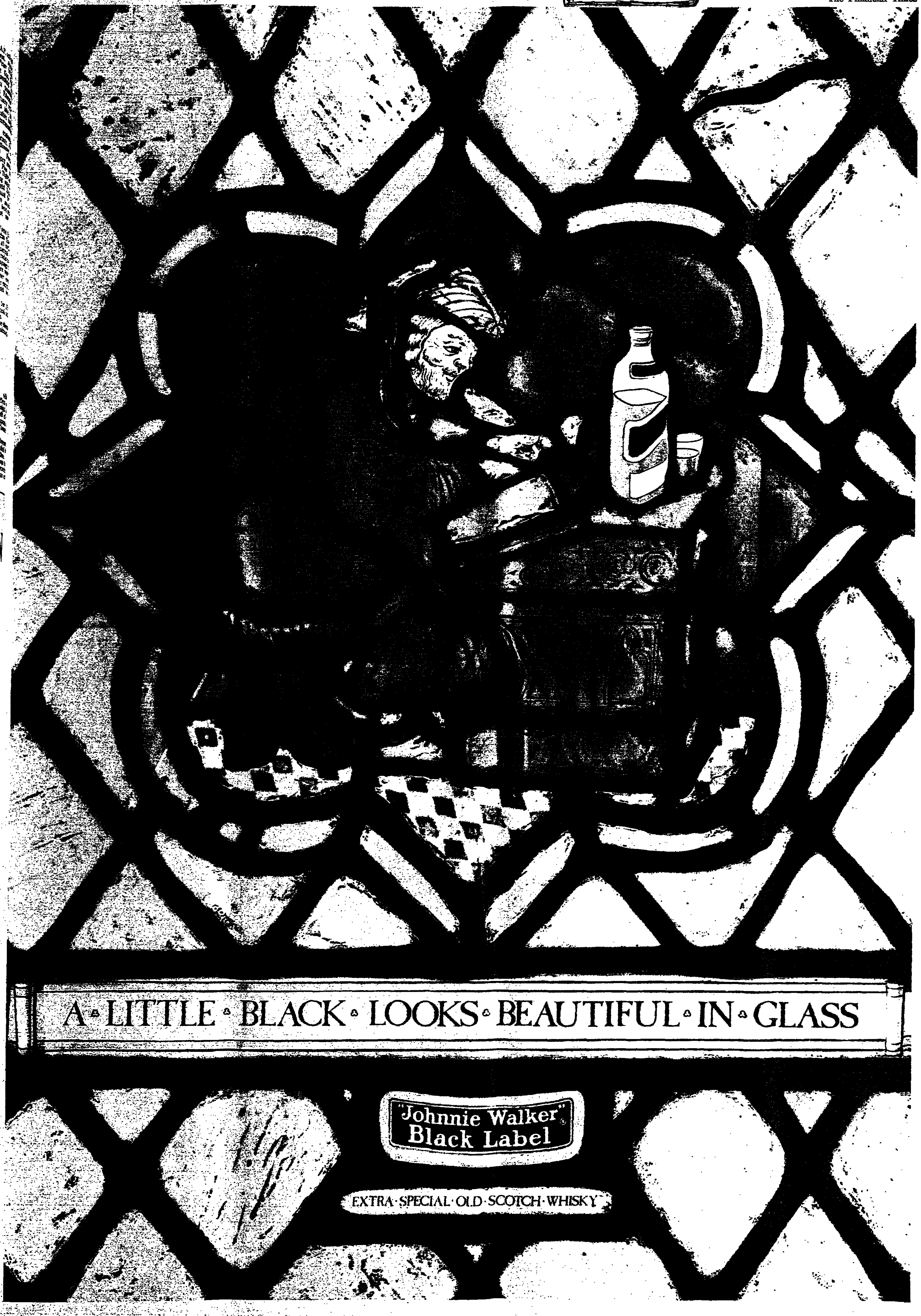
● RECKONING THAT there will be Christmas gift money to be spent in the New Year, Parker Pen is following its current publicity with an £80,000 poster campaign in January using 900 sites. Agency: Collett Dickenson Pearce.

● CHARLES BARKER CITY is to look after the Rank Organisation's corporate advertising. Reputed budget: £500,000.

● COMPUTACAR, which matches buyers and sellers of cars, has a publicity budget of £500,000 for 1979, the bulk of it going into TV. The company is now a subsidiary of the Thomson Organisation.

● NEW PRODUCT development for Britvic is to be handled by Freeman Mathews and Milne.

● MARSTELLER'S billings for the year to September exceeded £159m, £43.4m coming from outside the U.S.



A LITTLE BLACK LOOKS BEAUTIFUL IN GLASS
"Johnnie Walker" Black Label
EXTRA SPECIAL OLD SCOTCH WHISKY

LOMBARD

Parliament and public spending

BY PETER RIDDELL

THE MPS who recently objected to the Commons having to approve public spending estimates on the nod had a valid point, even if it was not exactly the one which many of them were making. The tactics of the MPs, causing the postponement of the pay sanctions debate, may have been open to question and their immediate target, the winter supplementaries (particularly for defence), may have been misplaced. But this does not undermine the underlying cause of their complaint—the unsatisfactory way in which Parliament scrutinises public spending and, indeed, the whole of fiscal policy.

Ironically, this will be the last year when supplementary estimates are presented in their present form and scale, even though none of the MPs pointed this out during the Commons debate. The supplementaries—£248m for defence alone—are necessary because the original spring estimates are calculated on the basis of prices and costs ruling at the time of preparation in the previous winter.

Contingency

Consequently, Parliament has had to be asked to approve extra amounts merely to take account of inflation; the defence item is almost entirely pay allowances, prices and pensions. In the supplementaries as a whole any increase in the volume of spending has come *from* the contingency reserve, so the total planned expenditure set out in last January's White Paper remains intact in real terms.

This system of Parliamentary approval of estimates co-exists with the short-term control by the Treasury via cash limits on money outlays. These are fixed in the spring to take account of expected inflation during the following financial year. This has resulted in a nonsensical overlap as everybody now recognises; after lengthy consultation with the Commons Expenditure and Public Accounts Committees the Government announced in the summer that it intended to assimilate cash limits with estimates with effect from next spring.

This is certainly a step in the right direction. It removes the aspect of tilting at windmills involved in protesting at supplementary estimates now when the real decisions have been taken a year before.

If Parliamentary control over expenditure is to be translated into any more than a slogan several more changes are needed along the lines of those suggested by a series of Commons committees in the past 18 months. Further improvements in financial information are necessary to allow full comparison between price and volume changes. Moreover the procedure of the Commons will have to be altered to permit detailed scrutiny both of the assimilated spring estimates and cash limits and of any supplementaries.

This also moves into the trickier area of how far MPs should be involved in the formulation as well as the scrutiny of public spending policy. Mr. Michael English, one of the most persistent Commons watchdogs over the executive, referred during the Commons debate to the practice in the U.S. and some Commonwealth countries where appropriations committees are allowed to suggest spending more on one item and less on another.

An even more fundamental review of the present budgetary system is urged by Mr. Terry Ward and Professor Robert Neild of Cambridge in their new book.* They argue that the planning of expenditure and receipts together over a common time horizon implies that budgetary policy, instead of being presented in successive fragments in the annual White Paper, the supply estimates and the financial statement and budget report, should be presented in a single document covering both the short and medium term.

Wide brief

This book has been the immediate inspiration for the formation by the Institute for Fiscal Studies of a Committee on Budgetary Reform under the chairmanship of Lord Armstrong. Its brief is certainly wide enough to satisfy both economists and politicians and I hope that it will not be sidetracked too much by discussion of a constant employment budget balance, an interesting though uncertain fiscal yardstick. But perhaps most important of all is that the committee should succeed in its aim of completing its report during 1979 so as to present the new Government, of whichever party, with specific recommendations. The issue of Parliamentary control cannot be avoided for much longer.

*"*The Measurement and Reform of Budgetary Policy.*" *by Mr. Terry Ward and Professor Robert Neild, published by Heinemann Educational Books, price £4.50.*

Idi Amin's absolute sovereign immunity

FOREIGN governments wishing to default on their obligations to English companies have nothing much to fear from English courts, or so it seems after the judgment delivered in favour of the government of Uganda by Mr. Justice Donaldson earlier this week.

The decision of Mr. Justice Donaldson reflects a deep division in English judicial opinion.

The conclusion that the Ugandan Government could not be sued in English courts by creditors of companies it had compulsorily acquired, is based on the 19th century concept of "absolute sovereign immunity," giving foreign governments freedom from suit even in commercial matters.

In arriving at his conclusion, Mr. Justice Donaldson chose not to be guided by the latest relevant decision of the Court of Appeal which denied immunity in commercial matters. He preferred its earlier decision which was on more traditional lines.

In contrast with the intricacy of the legal issues involved the facts of the case are extremely simple. An English company, The Uganda (Holdings), acted as a guarantor to a company in Uganda. When the company was subsequently taken over by Idi Amin's Government, the Uganda (Holdings) had to pay up £240,185 to the company's creditors. There was a co-guarantor, another Ugandan company, but this shared the fate of the borrower and was also taken over by the Government of Uganda. Under Article 6 of the Ugandan Properties and Businesses (Acquisition) Decree, 1972, the Government succeeds to all liabilities of the business compulsorily acquired though in the case of agreements and contracts only if these are ratified by the Minister concerned. The Ugandan Government did not ratify any obligation towards the guarantor but it is doubtful that this was necessary as the liability was mature at the time when the business was taken over.

In an attempt to get its money back The Uganda (Holdings) company sued the Ugandan Government in the High Court (as the money was to be repaid in England) and asked for an order prohibiting the Government of Uganda from disposing of tea it had stored in London until the dispute was resolved.

The Government of Uganda protested that as a sovereign power it could not be sued in an English court. Mr. Justice Donaldson agreed with this defence and consequently refused also to grant the injunction concerning the consignment of tea. The judge reasoned that the State Immunity Act, 1978, which came into force on 23 November, 1978, did not apply because it was not retroactive. The old law, according to him, meant that foreign states enjoyed complete immunity from suit and not merely a restricted immunity which excluded commercial transactions of government.

The doctrine of absolute sovereign immunity had its origin in a period when governments rarely engaged in commercial transactions but it became rapidly outdated with the modern state's involvement in industry and commerce.

That the immunity should not apply to a sovereign's business deals in a foreign territory was recognised by the Appeal Court of Ghent in 1879, by the Cassation Court of Florence in 1886, by the Cassation Court of Saint Petersburg in 1893, by the Austrian Supreme Court in 1920, by the Swedish Government in 1927, by the French Court of Cassation in 1929, by the West German Constitutional Court in 1963 and in the U.S. the Federal Sovereign Immunity Act which came into force in 1977.

In England, however, the Court of Appeal, stuck until 1975 to the doctrine that sovereign immunity applies also to commercial ventures of foreign states. The appeal judges were well aware of developments taking place elsewhere but held in *Thai-Europe Tapioca Service Ltd.* that international law was integrated into English law only by the decision of judges or Acts of Parliament.

BUSINESS AND THE COURTS

BY A. H. HERMAN Legal Correspondent

They held therefore that the Court of Appeal was bound by its previous decisions.

Two years later the Court of Appeal had to deal with the refusal of the Central Bank of Nigeria to honour letters of credit covering shipments of cement. The bank claimed sovereign immunity. While in a parallel case a similar defence was dismissed by a regional German court so convincingly that there was no appeal, Mr. *Justice Donaldson decided* that in England the Central Bank of Nigeria, as a government agency, was free from suit.

This time, however, the Court of Appeal took a different view. Accepting that sovereign immunity in its absolute form is no longer part of international law, Lord Denning, Master of the Rolls, and Lord Justice Shaw held that their court must decide accordingly. They reasoned that unless in conflict with an Act of Parliament the rules of international law were incorporated automatically into English law and were therefore not subject to the English rules of judicial precedent. Were it otherwise, they argued, England would be unable to keep pace with developments taking place in the rest of the world.

For this reason the Court Appeal overruled its *Thai-Europe Tapioca Service Ltd.* judgment and decided that, as a letter of credit must always be seen as a commercial matter, the Central Bank of Nigeria had no claim to sovereign immunity.

However, because there was no decision in the House of Lords in this matter, Mr. Justice Donaldson felt free to choose between the two conflicting decisions of the Court of Appeal, though some authorities incline to the opinion that he *was bound* by the most recent one. In his view international law was not integrated into English law automatically and judges therefore should not pay attention to changes taking place abroad unless these had been adopted by previous non-contradictory decisions of the Court of Appeal or by the House of Lords, or, of course, by Acts of Parliament.

Mr. Justice Donaldson did not arrive at the decision that the Government of Uganda cannot be sued in English courts exclusively on the basis of the doctrine of absolute sovereign immunity. "Even if I had felt free—or bound—to follow and apply the law as stated in *Trendtex*, I should still have determined this application in favour of the defendant Government," said the judge. In his view the Ugandan Government had a good argument when it claimed that legislation *designed to achieve the compulsory* acquisition of businesses was a classic example of governmental as opposed to commercial activities. He would find it wrong to express an opinion on the meaning and effect of Ugandan legislation in a suit to which the Government of Uganda would be a party, and this would be necessary in order to say whether under the 1972 Decree the Government of Uganda stepped in to the liabilities of the compulsorily acquired business or not.

The Uganda Company (Holdings) appealed against this judgment and, no doubt, much more will be heard about it in the near future.

Thirty six are balloted out of Burton Rubber Hurdle

RACING

BY DOMINIC WIGAN

NO FEWER than 36 horses have had to be balloted out of today's Burton Rubber Company Hurdle at Uttoxeter because a sponsored event cannot be divided and the number of entries almost certainly constitutes a record.

However, the race still looks far too tricky from a betting point of view for any but the *inspired and it will probably pay* backers to look elsewhere for anything approaching value.

The most competitive race on the card, and one which seems sure to provide a healthy betting market, is the 2½-mile Cubley four-year-old Hurdle. Here the field includes Naughty B, Tilthammer Mill, Letterellan and the possibly smart Irish raider Every Extra.

Every Extra, an American bred gelding by Distinctly, clearly surprised a good many racegoers after a particularly uninspiring 1977-78 season when winning on his reappearance at Listowel towards the end of September.

Although he has not been seen in public since that result, there is little reason to doubt the value of the form, for the rest of the field were beaten comfortably enough.

Of the home-trained contingent the one I like the best is Toby Balding's Weyhill runner, Letterellan.

Letterellan, attempting to concede last season's Waterford Crystal Novice Hurdle fourth 4 lb on the Monmouthshire track, strikes me as the horse they will all have to beat and he is given a reasonably confident vote.

A year ago Ron Barry took the opener at Carlisle, the Corby Chase, through Ken Oliver's Ted and I feel reasonably hopeful that the Gordon Richards-trained Catoctin Creek will do the trick for him this time.

Barry has several other likely looking prospects on the North-western track, including Catoctin Creek's stablemate Justafancy, my selection for the Heads Nook Novices Chase.

UTTOXETER

12.30—Mister Parsley
1.00—Saintly Sorrel
1.30—Atmani*
3.00—Sanskrit
3.30—Letterellan**

CARLISLE

12.45—Catoctin Creek
1.15—Bow Butts
1.45—Keren Park
2.15—Caldbeck
2.45—Justafancy***
3.15—Zegana

TV/Radio

† Indicates programme in black and white

BBC 1

12.45 pm News. 1.00 Pebble Mill. 1.45 Bagpuss. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Emu's Broadcasting Company (EBC 1) starring Rod Hull. 5.05 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.35 To-morrow's World.
7.20 Top of the Pops.
8.00 The Good Life.
8.30 Mastermind.
9.00 News.
9.25 Show Jumping: Olympia International Championships.
10.30 Tonight.
11.10 Most Wanted.
12.00 Weather/Regional News.

All regions as BBC 1 except at *the following times:*

Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 12.00 News and weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 10.30-11.10 Thursday Night. 12.00 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School (as BBC 1 3.55 pm).
5.25 pm News on 2 Headlines.
7.00 When the Boat Comes In.
7.50 Mid-evening News.
7.55 Newsweek.
8.30 Midweek Cinema: "Singin' in the Rain," starring Gene Kelly, Donald O'Connor and Debbie Reynolds.
10.10 Accident.
11.00 Late News.
11.15 Open Door.
12.00 Closedown: Talk.

LONDON

9.30 am Australian Lizards. 9.50 A Palace for the People. 10.15 Westside Medical. 11.05 A Diary of Civilisation. 12.00 Topper's Tales. 12.10 pm Rainbow. 12.30 Toycraft. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Faller Here. 3.20 Looks Familiar. 3.50 The Sullivans. 4.20 Children's Film Matinee: "Pony Soldier."
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 George and Mildred.
8.30 TV Eye.
9.00 The Sweeney.
10.00 News.
10.30 Thames Report.
11.00 Rafferty.
12.00 What The Papers Say.
12.15 am Close: A painting by Monet with music by Debussy.

All IBA regions as London except at the following times:

ANGLIA

9.30 am The Charles Dickens Show. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.00 Women Only. 4.20 Spiderman. 4.45 The Beachcombers. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.03 Bygones. 7.30 Botanic Man. 10.30 Mystery Movie—McCloud. 12.15 am Your Music At Night.
ATV

ATV

9.40 am Three Characters in Search of Treasure. 10.45 The Songwriter. 11.05 Getting On. 11.35 Mr. Speaker (profile of the Rt. Hon. George Thomas, MP, Speaker of the House of Commons). 1.20 pm ATV Newsdesk. 3.55 The ATV Thursday Picture Show. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Format V. 11.00 Movie Premiere: "Bad Ronald."

BORDER

9.30 am The Undersea Adventures of Captain Nemo. 9.35 The Lost Islands. 10.00 Sir Edmund Hillary's World of Adventure. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Border News. 4.20 The Little House on the Prairie. 5.15 Laverne and Shirley. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Chuckle Inn. 11.00 Chopper Squad. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 Cartoontime. 5.20 Spiderman. 6.00 Channel News. 6.10 Lassie. 10.28 Channel Late News. 10.32 In Search of . . . Amelia Earhart. 11.00 Mystery Movie: McMillan and Wife. 12.40 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Tandarra. 10.25 Walking Westward. 10.50 The Rolf Harris Show. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 The Bob Newhart Show. 6.00 Grampian Today. 7.00 The Bionic Woman. 10.30 Police Newsroom. 10.35 Sportscall. 11.15 Grampian Late Night Headlines. 11.20 The Practice. 11.50 Reflections.

GRANADA

9.30 am Thursday Matinee—Stewart Granger in "The Last Safari." 11.05 History Around You. 11.20 Nobody's House. 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 4.20 The Life and Times of Grizzly Adams. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Six Million Dollar Man. 10.30 What's On. 11.00 What The Papers Say. †11.20 The Untouchables.

HTV

9.35 am Survival. 10.00 The Rolf Harris Show. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.15 Job-Line Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Folk on the Avon. 7.00 Six Million Dollar Man. 10.35 KLB, PP and Me. 11.05 The Thursday Film: "Frogs" starring Ray Milland.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Seren Wib. 4.45-5.15 Raven. 5.15-5.20 Jobline—Wales. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena. 10.35-11.05 Book Review.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

9.35 am Adventure World of Sir Edmund Hillary. 10.05 Keep Your Eye On Paisley. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 1.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm News and road. 2.00 Women Only. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Botanic Man. 7.30 Welcome to the Ceilidh. 10.30 From the Top. 11.00 Late Call. 11.05 Barnaby Jones. 12.00 Love American Style.

SOUTHERN

9.30 am Survival Special. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News. 2.00 Women Only. 4.20 Lassie. 4.45 Beachcombers. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Southern News Extra. 10.35 Your Westminster. 11.05 Barnaby Jones. 12.05 am What The Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 9.30 The Last of the Stoneage Men. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News and Lookaround. 2.00 Women Only. †4.20 Thursday Matinee—"The Black Arrow" starring Louis Hayward and Janet Blair. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Northern Scene. 11.00 Pro-Celebrity Snooker. 11.45 The Bob Newhart Show. 12.15 am Epilogue.

ULSTER

10.15 am The Herbs. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Great Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Lunchtime. 3.50 The Sullivans. 4.18 Ulster News Headlines. 4.20 The Beachcombers. 4.45 Friends of Man. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.25 Police Six. 6.35 Happy Days. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Counterpoint. 11.00 The Practice. 11.25 Bedtime.

WESTWARD

9.35 am Friends of Man. 10.00 The Rolf Harris Show. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Little House on the Prairie. 5.15 Cartoontime. 5.20 Just the Job. 6.00 Westward Diary. 10.28 Westward Late News. 10.30 Westward Report. 11.00 The Mystery Movie: McMillan and Wife. 12.40 am Faith for Life.

YORKSHIRE

9.30 am Friends of Man. 10.00 The Herbs. 10.15 Master of the World. 11.10 Record Makers. 1.20 pm Calendar News. 4.20 Jabberjaw. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 The Love Boat. 11.30 In Concert. 12.00 The Protectors.

BBC Radio New Wavelengths

1: 1053kHz/285m, 1089kHz/275m
2: 693kHz/433m, 909kHz/330m & 88-91vhf stereo
3: 1215kHz/247m & 90-92.5vhf stereo
4: 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30-10.00 As Radio 2. 10.00 John Peel (S). 12.00-2.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allan (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Roy Castle. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.05 Brian Matthew introduces Round Midnight including 12.00 News. 2.00 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Sibelius (S). 10.30 Holiday Special (S). 10.29 King's Lynn Festival 1978: Concert (S). 10.50 Interval Reading. 10.56 Concert, part 2. 11.30 Austrian Radio Symphony Orchestra, part 1 (S). 12.10 pm In Short (talk). 12.20 Austrian Radio SO part 2 (S). 1.00 News. 1.05 Bradford Midday Concert (S). 2.00 "Don Carlos." Opera in four acts by Verdi. Acts 1 and 2 (S). 3.35 Words . . . (talk). 3.40 "Don Carlos." Acts 3 and 4 (S). 5.05 Clarinet and Piano recital (S). 5.45 Homeward Bound (S). 6.35 News. 6.35 At Home (S). 7.30 World Theatre: "Brand" by Henrik Ibsen (S). 9.40 A Henze Premiere (S). 10.25 The Actor From San Quentin (Rick Cluchey in conversation with Martin Esslin). 10.45 The Trio-Sonata (S). 11.05 News. 11.50-11.55 Tonight's Schubert Song.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The 27-Year Itch. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to the Prime Minister. 3.35 Afternoon Theatre (S). 4.35 Story Time. 5.05 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.03 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Chicago Symphony Orchestra Concert, part 1: Mendelssohn, Mozart (S). 8.20 A Talent to Amuse. 8.50 Chicago Symphony Orchestra, part 2: Debussy (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 Question Time from the House of Commons. From 1.05—As Radio 2.

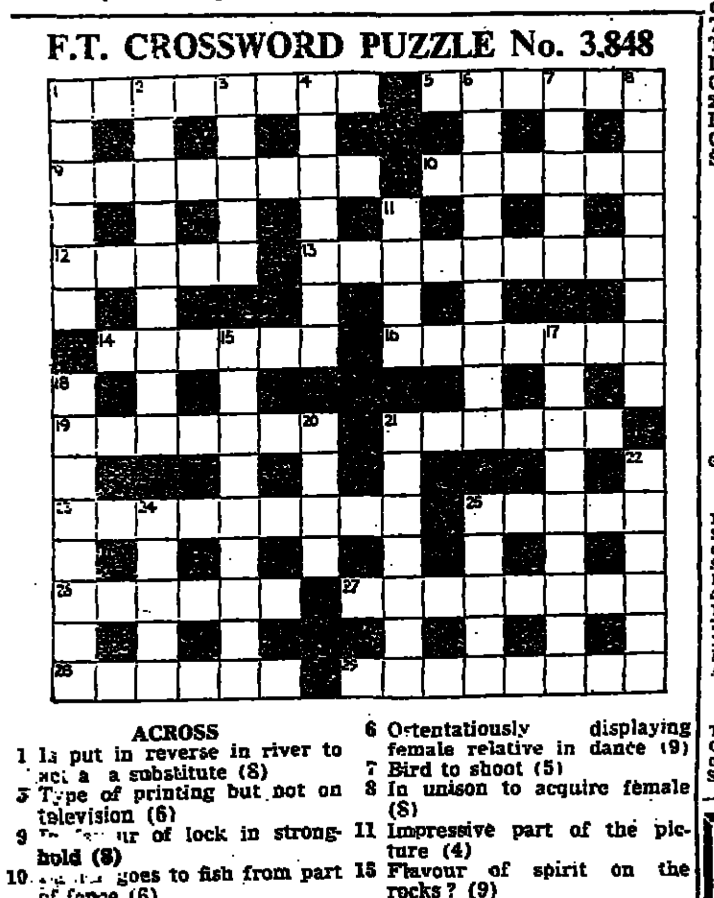
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,848



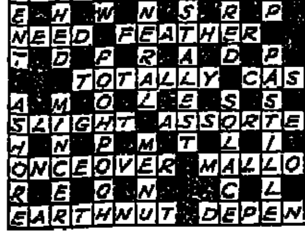
ACROSS

1 Is put in reverse in river to act as a substitute (8)
5 Type of printing but not on television (6)
9 [illegible] of lock in stronghold (8)
10 [illegible] goes to fish from part of fence (6)
12 Wanderer returns to curse about ring (5)
13 Fan to secure chap—that's touching! (9)
14 Earn in transport cafe (4-2)
16 Company in time makes money (7)
19 Unusually quaint Oriental must be old (7)
21 Assimilate a literary abstract (6)
23 Musical composition featuring clergyman with drink (9)
25 Engrave as a pursuit (5)
26 Stop soldiers going to sea (6)
27 One who gives, like Italian gentleman (8)
28 Tradesman with French article in expensive setting (6)
29 Not a league match and should be amicable (8)

DOWN

1 Guard to protect and justify (6)
2 Standard quantity could be supreme (8)
3 Bound to accept direction and fatigued (5)
4 South-eastern ship I get on for a period of time (7)
6 Ostentatiously displaying female relative in dance (9)
7 Bird to shoot (5)
8 In unison to acquire female (8)
11 Impressive part of the picture (4)
15 Flavour of spirit on the rocks? (9)
17 Refrained from putting colour in a bed (9)
18 Meddled with basket going to editor (8)
20 Curdled a milk containing cheese (4)
21 Actor's assistant or medical student who attends wounds (7)
22 Divulge it may be three (6)
24 South American doctor gets a dance (5)
25 Agree to jingle (5)

Solution to Puzzle No. 3,847



ENTERTAINMENT GUIDE

CC. These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

THEATRES

CINEMAS

FINANCIAL TIMES SURVEY

Thursday December 14 1978

The Gas Industry

The gas industry in Europe is increasingly looking to the North Sea for new supplies and the British Gas Corporation's natural gas conversion programme is now being rewarded by a rapid increase in its profits.

In the driving seat

By Kevin Done
Energy Correspondent

NATURAL GAS only appeared on the European energy market about 15 years ago, but it has since developed into one of the three major energy sources accounting for about 15 per cent of energy needs in Continental Western Europe and nearly 19 per cent of primary energy demand in the UK.

It is likely that substantial quantities of natural gas will be available in Europe beyond the turn of the century, though imported gas will play an increasingly important role in the late 1980s and the 1990s. At present about 88 per cent of the natural gas consumed in Western Europe is produced from domestic fields with the balance being imported from Algeria, the USSR and Libya. By 1985 West European production is still expected to account for two-thirds of the gas consumed on the Continent and virtually all of the gas sold in the UK. By then existing sources of outside supplies will have been supplemented by imports from Iran through a 6,000 km pipeline system that is now under construction.

The most important source of natural gas is presently onshore production in The Netherlands, dominated by the massive Groningen Field, whose discovery in 1959 led to the first sparks of exploration interest offshore in the North Sea.

The Dutch onshore fields produced more than 90bn cubic metres of gas last year—compared with UK Continental Shelf production of 40bn cubic metres—and they supplied over 50 per cent of natural gas demand on the continent of Western Europe. These fields will still be producing about one-third of supplies in 1985, but the share is expected to fall as a result of increasing consumption.

Supplies

It is to the North Sea that the continental gas industry will increasingly look for new supplies, especially the Dutch and Norwegian sectors. By 1985 North Sea supplies could be meeting as much as 17 per cent of continental gas demand, compared to only 1 per cent last year.

There are still question marks over the ability of the industry and of national governments to overcome the formidable technical and financial obstacles to bringing gas—and especially liquid natural gas (LNG)—from non-European sources to the market-place in sufficient quantities to meet demand. But much progress has already been made at an international level to integrate the European gas transmission network. The north/south system of the European gas grid was completed in the autumn of 1977, when deliveries of gas from the Ekofisk area of the North Sea began. There are two major pipelines now linking the North Sea and the Mediterranean. Meanwhile, an east/west system is being built to meet the demands of contracts concluded between several West European gas companies and suppliers in the USSR and Iran. It should be completed in 1980-81. If other current plans are followed through Scandinavia could also be linked into the system with a pipeline running from the North Sea across Denmark to Sweden.

With the availability of its its own supplies from the UK portion of the North Sea, the British gas industry has remained largely isolated from supply developments on the Continent. Indeed it is the main competitor for new supplies as they come available in the sectors of the North Sea outside the UK. Having failed in its bid for natural gas from the Norwegian Ekofisk Field, British Gas was successful in bringing under contract the Anglo-Norwegian Frigg Field, which finally began production in September last year.

The Frigg Field is one of the world's most ambitious offshore energy developments, and by the end of next year it will be meeting as much as 30 per cent of the UK's current supplies.

The British Gas Corporation has reached a watershed in its development. It has completed the 10-year task of converting both its supplies and its consumers to natural gas, and it is now in the happy state of being confident that it already has sufficient gas reserves under contract to meet demand from premium markets until the end of the century and beyond.

More controversially it is has also begun to reap the profits of its investment of the last decade. Last year it produced a pre-tax profit of £180m compared with £31.6m in 1976-77, and according to Mr. Jack Smith, the Corporation's deputy chairman, British Gas' profits are unlikely to fall from this level in the current year.

The Corporation's profits and its pricing policies have come under attack from several sides. It has stepped ahead of most of British industry by introducing full current cost depreciation into its accounting. The result is that its reported profitability last year of £180m was much lower than the £564m, which would have resulted if it had followed the historic cost accounting conventions still used by most British companies. The nationalised energy industries of gas, coal and electricity are all using varying accounting standards at present, which has brought them under fire from the Parliamentary Select Committee on Nationalised Industries. In its Seventh Report earlier this year it claimed that it was essential that similar accounting principles and practices should be used if adequate comparisons of the relative performance of the different industries were to be made and if effective decisions about national energy policy were to be taken.

For its part British Gas is standing firm. It maintains that its reserves are still too low for a business of its size, which last year had a turnover of £2.6bn, and it is unlikely to make any changes. Much of its present profitability reflects the extremely advantageous price at which it is still able to buy the large part of its gas supplies from the southern North Sea.

Here again it is under attack, first from the oil companies, who say that southern gas prices are too low to encourage further exploration and second from the electricity industry, which has seen its market share cut back by the increasing sales of the gas industry. Sir Francis Tombs, chairman of the Electricity Council, has repeatedly called for gas prices to be related more closely to coal and electricity prices in the interests of both energy conservation and the long-development of alternative fuel sources for the day when gas and oil supplies begin to diminish.

Cheaper

Gas is certainly relatively cheaper than other fuels, but the Corporation maintains that it is not so low as to discourage careful use. The reason that the contracts for southern basin gas now look extremely attractive is that they were negotiated at a time when oil prices were low and were expected to keep on falling. But British Gas claims that its costs are now rising steadily as it takes in increasing supplies of more expensive gas from the northern North Sea. In 1976-77 when the average revenue from gas sales was 12.2p per therm, British Gas paid some 1.9p per therm for supplies. Last year with revenue averaging 14.5p per therm costs were nearer 2.9p per therm, excluding transmission costs. But now that a higher proportion of supplies is coming from northerly fields costs will rise much faster and the corporation could pay as much as 5p per therm this year.

British Gas has undertaken not to raise gas tariffs before April 1, but it is now making a careful study of whether its present level of profitability will allow it to go to the Price Commission for an increase in tariff prices in the spring. The decision is made more difficult by the corporation's policy of market-relating the price of its industrial sales. There has been a considerable lag in industrial gas prices catching up with the prices of alternative fuels or feedstocks, normally oil, but as long-term contracts come up for renewal prices have normally risen sharply. This means that prices of industrial gas sales have increased steadily from 5.2p a therm in 1975-76 to 9.7p a therm in 1977-78. For the Price Commission, British Gas's profitability is taken for the whole corporation—it does not differentiate between domestic and industrial sector prices. None the less after the recent standstill in domestic prices, the corporation now expects gas tariffs to rise in line with the general rate of inflation, which suggests some increase in April.

Its undoubted price advantage has enabled British Gas to make impressive inroads into the UK fuel market, however. It now accounts for more than 44 per cent of the domestic fuel market and meets about 28 per cent of industrial demand on a heat supplied base. Overall it is currently providing about 25 per cent of all the heat supplied in the UK, and is meeting some 19 per cent of primary energy demand.

The market is still expanding and with extra supplies to handle from northern fields in the early 1980s, British Gas is proposing to boost sales to 18,000m therms a year (6,000m cubic feet a day) by 1982-83 compared with 15,000m therms a year (4,000m cubic feet a day) in 1977-78. The principal expansion will come in domestic markets, where British Gas hopes to be supplying 50 per cent of demand in four to five years' time.

The industry's sales policy has changed radically, however, from the early days of natural gas. In the late 1960s and the early 1970s British Gas had little flexibility or control over its level of supplies and its marketing approach was very much supply-led. With the development of the gas transmission system and greater storage facilities, however, along with the renegotiation of a number of its southern North Sea contracts the corporation can afford to be led to a greater extent by demand. It is giving priority to premium markets and will match gas supplies year by year to the level of premium and essential interruptible sales.

The eventual development of the Morecambe Field in the Irish Sea will add further flexibility to the system. This field with recoverable reserves of 2-3,000bn cubic feet of gas, will be developed in the early 1980s. It is held by British Gas on a 100 per cent production licence and will probably be developed as a back-up supply to meet peak winter demand.

Supplies from the Frigg Field should reach peak production by the end of 1979. In late 1980 gas is scheduled to start flowing from the Brent Field, also in the northern North Sea, and when this field is on stream the build-up of natural gas supplies will be largely completed.

The Corporation is continuing its active role in exploration on the UK Continental Shelf and is presently drilling the first ever well in the English Channel. The location is only about 25 miles to the south-west of the Isle of Wight and therefore close to the largest onshore oil find yet made in the UK, in which it holds a 50 per cent interest and for which it is the operator. This find at Wytch Farm could be capable of producing more than 16,000 b/d, and the reserves appear to be comparable with some of the smallest commercial North Sea finds, such as the Argyll Field.

Investment

British Gas also has shares in offshore oilfields such as Montrose and Beryl, but these are peripheral to its main activities. For the future British Gas investment is likely to total £1.5bn over the next five years, with some two-thirds of the expenditure required for transmission, distribution and storage equipment related to the growth in gas sales. Last year £22.8m was spent on research and development. Much of this work is being undertaken to provide processes for producing substitute natural gas from other hydrocarbon feedstocks, and in particular coal, to ensure that natural gas can be supplemented when the supply eventually declines.

Other work, such as the research of improved pipeline inspection techniques, could well lead to the development of products that will find ready outlets on international markets. British Gas is the world's largest fully integrated gas business, and as such should be well-placed to market its expertise in countries whose domestic gas industries are still in their infancy.

Moves to conserve supplies

BRITISH GAS is currently lending considerable weight to the Government's energy saving drive—yet its own conservation *campaign is being operated on* a highly selective basis.

The Corporation makes no secret of the fact that its conservation efforts are being chiefly directed at industrial rather than domestic or commercial gas users. And a cursory analysis of British Gas customers explains the reason for this particular emphasis—well over 40 per cent of all the gas sold by the Corporation goes to industry. In terms of sheer numbers this means some 70,000 of Britain's 14.5m gas users consume nearly half of all the gas sent out.

Sir Denis Rooke, chairman of British Gas, points out that a 10 per cent saving by one big industrial concern can therefore equal the number of therms used by thousands of domestic consumers. He says it is also easier and more effective to start by persuading a small *number of major users* to save gas before tackling the millions of small-time domestic consumers on the question of conservation.

Not that the industry is ignoring the need to make commercial and domestic gas users save energy—this year British Gas made its 483,000 commercial customers eligible for the Gas Energy Management award scheme. Until this year the scheme had always been limited to industrial companies.

The GEM awards scheme has *been running* for three years and it forms one of the main planks of the industry's conservation campaign. Finalists for the awards are nominated by regional gas boards and so far 67 organisations have reached the last round. The numbers are increasing each *year and there are plans to hold* full regional finals in 1979.

The 67 organisations that have made it to the finals over the last three years have saved nearly 25m therms between them. It is estimated that by the end of the century these same concerns will have saved a further 300m therms.

Savings

At the presentation of this year's GEM awards, which took place last month, Sir Denis Rooke said that if another 150 companies could make similar savings in *energy consumption* then by the year 2000 a total of 1bn therms would have been released for other industrial uses or to other sectors of the market.

He added that 1bn therms was more gas than was sold to the whole of industry in 1968. He also stressed that successful energy conservation on this scale could radically alter the UK's strategic thinking on future fuel policy.

The winners of the 1978 GEM awards to industry were Alcan Plate of Birmingham in partnership with the West Midlands Gas technical consultancy service. Alcan has managed to save 0.5m therms a year which represents a 33 per cent cut in its total fuel consumption. The company employs a full-time energy and *cost reduction superintendent* and its staff has been sent on fuel-saving courses. But the biggest savings in its energy consumption *have been as the* result of a decisions to replace indirect oil-fired radiant tubes with direct gas-fired burner systems on pit aluminium re-heating furnaces.

The 1978 winners of the GEM award in the commercial sector were Bass North, part of the Bass Charrington group, in partnership with North East gas technical consultancy service. Bass North saved over 60 per cent of its normal fuel consumption—60,000 therms a year.

The *energy savings at Bass* North were made chiefly by removing the company's old-fashioned steam boilers and converting one other boiler to gas. Independent wet systems were put into three office complexes on the site and use was also made of warm-air systems *and free-standing heaters.*

One of the aims of the GEM awards scheme is to persuade more industrial and commercial companies that conservation pays off—a point made by Dr. John Cunningham, Minister for Energy Conservation, at this year's elaborate presentation ceremony. Dr. Cunningham said one sign of the success of the GEM scheme was that "the business community at large is becoming more and more aware of the relevance of energy saving to good industrial and commercial management."

The job of the British Gas Corporation's technical consultancy service units, which are eligible for the GEM awards in partnership with the companies they have advised, is to *ensure that the gas sold is used* effectively. All 12 of the gas regions offer a technical consultancy service and during the past year 1,500 customers have *been helped in this way.* Technical Consultancy service units offer assistance to gas users in six main areas:

- The design and installation of new plant with a view to helping cusomers take advantage of the latest fuel management and gas engineering techniques.
- The upgrading of plant and controls to meet the latest regulations and codes of practice.
- The surveying of existing gas fired plants ending with a *detailed report containing* recommendations on safety and performance.
- The introduction of advanced technology.
- The redesigning or modification of plant so as to improve efficiency and increase productivity.
- Regular maintenance designed to keep plant running at peak efficiency. This list shows that the technical consultancy service covers a wide field, from providing simple advice to undertaking full scale development work—much of it on a chargeable basis. The engineers who staff the service units have wide experience in practical ways of improving conservation but their claim is that they can offer other benefits besides helping companies to cut energy consumption and so reduce fuel costs.

A reappraisal of fuel efficiency often ends by companies improving production rates, increasing productivity generally and lowering their maintenance costs. One of this year's GEM award finalists increased output by 150 per cent, another cut maintenance costs by £1,650 a year and a third obtained 5,000 sq ft of extra selling space.

The staff of the technical consultancy service are backed up by the British Gas school of fuel management which is based in Solihull. The school offers training courses to help industry, commerce and public administration authorities use fuel more efficiently and economically. The emphasis in the courses is on gas but this is not the only form of energy covered.

Hundreds of industrialists and technicians—some of them from outside the UK—have attended the various courses offered by the school, which is the first of its kind in the world.

Both the school and the technical consultancy services can draw on the work done at the British Gas Midlands research station. Staff at the station have developed a number of methods of increasing the efficiency with which gas is used.

Examples include self-recuperative burners, which use heat from burnt products that would otherwise be wasted; superior methods of vat and tank heating, using hot flue gases from a special type of self-recuperative burner which shows great savings over conventional steam systems; and a series of rapid heating furnaces for the heat treatment of metals which can be built into a production line.

Technological developments like these, allied to a nationwide advisory service and a prestigious award scheme have done much to enable British Gas to persuade industrialists that they must cut energy consumption. But the Corporation does face certain difficulties in pursuing its conservation campaign.

On the one hand, the very abundance of North Sea gas at present encourages people to use it with a certain prodigality. At the same time consumers sometimes see British Gas calls for conservation as an indication that the gas is going to run out comparatively quickly. They fear the Corporation has an ulterior motive for its energy saving campaign—that what it is really worried about is postponing an inevitable downturn in its business.

British Gas has made considerable efforts to dispel these contradictory apprehensions. At this year's GEM awards presentation, Sir Denis Rooke stressed there was "no danger of our running out of gas." But he added that to meet the challenge presented by vast new natural gas reserves it was necessary to "educate people into the way of conservation."

Sue Cameron

Recovery problems with offshore gas

THE COLLECTION of comparatively small pockets of gas—which in the past might have been flared and wasted by the oil industry—has become a central tenet of the Government's North Sea policies. Large gas fields, such as Leman and Frigg will nearly always be exploited on strictly commercial grounds. But what is in question is the collection of gas from much smaller fields and particularly gas that is produced in association with crude oil.

Associated gas is often regarded by companies as a nuisance, an unwanted by-product of oil field development. It can still have its uses. It can, for example, be pumped back into the reservoir to maintain the pressure needed for oil production, or some of it may be used to generate power on the offshore platforms. But in many cases around the world companies have concluded that there is no commercial justification for collecting this gas as a fuel, so it is simply burned into the atmosphere.

It is inevitable that some gas will be flared in the early stages of oil field production either before gas compression equipment has been installed or while such units are commissioned. But the quantities are still appreciable. Last year an average of 326m cubic ft of gas a day was flared from oil fields in the North Sea, nearly twice the level of gas production from a small southern North Sea gas field such as West Sole.

Next year as more oilfields come into production the amount of gas flared will probably exceed 400m cubic feet a day. The Government is anxious to reduce this total but for much of the next 18 months there is little it can do if it wishes to maximise the level of oil production. The two keys to reducing flaring from the oil fields now in production lie in the completion of gas processing facilities at the Sullom Voe oil terminal in the Shetland Islands and in the building of a natural gas liquids separation plant at the end of the Brent gas pipeline in Fife. Neither will be accomplished before 1980-81.

Only on the Auk and Argyll Fields has the Government accepted that the quantities of associated gas produced are too small for collection to be practical. These two fields have been given flaring consents for the lifetime of production, but other consents for fields such as Thistle, Brent and Montrose are for limited periods only.

Various methods have been put forward for the comprehensive collection of these small reserves of gas. Ministers have repeatedly made it clear that in th interest of energy conservation and of gaining the maximum benefit from North Sea resources gas flaring must be curbed as far as possible. Dr. Dickson Mabon, the Minister of State for Energy, said last year that in his personal view: "The

CONTINUED ON NEXT PAGE

The high cost of onshore projects

THE IMPRESSIVE scale of the investment made offshore to develop new supplies of natural gas in the northern North Sea—£2bn for the Frigg Field alone—has tended to overshadow the related building programme onshore. British Gas has spent more than £400m on building a reception terminal at St. Fergus, in Aberdeenshire, along with three major land pipelines south through Scotland linking to the national transmission system. A fourth pipeline is being planned and more work will be needed at St. Fergus, when gas supplies begin to arrive from the Brent Field from the end of 1980.

The pace of onshore work has slowed to allow the rapidly growing supplies from the Frigg Field to be assimilated into the system. But in the early 1980s the construction programme will pick up again as the Brent Field gas terminal at St. Fergus is completed and more particularly as British Gas decides how it should develop the Morecambe gas field in the Irish Sea.

The national transmission system already includes more than 3,000 miles of high-pressure pipelines. These in turn feed into regional medium and low pressure systems with a total length of more than 140,000 miles. About £500m has been spent on regional distribution mains over the last decade as the gas industry has completed the conversion process to natural gas. Spending on new plant and equipment over the five years to 1982-83 will still be at a high level, however, totalling more than £1.6bn, of which two-thirds is needed for transmission, distribution and storage associated with the rapid growth in gas sales.

Two of the major gas trunklines built from St Fergus on the coast of Aberdeenshire to the urban, industrial areas of Central Scotland and the north of England have been operating for several months carrying supplies from the Frigg Field, which began production in September last year. The third 36 in diameter pipeline from St Fergus to Darlington should be commissioned this month ready for operation in January.

The fourth line, meanwhile, is only at the planning stage. It will run from St Fergus to Bishop Auckland and will be laid during the three years from 1980 to 1982. Unlike the other three lines which cross from Aberdeen to Central Scotland, it will be built close to the east coast of Scotland with important sea crossings over the Tay and Forth Estuaries. It will be the first long distance 42 ins pipeline to be laid in the UK, and by the time it is completed it could be costing as much as £1m a mile.

In the south of England the so-called Southern Feeder was completed about a year ago stretching from Wisbech in the Fen country to Mappowder in Dorset. This pipeline is designed to reinforce the transmission system in the southern half of the country as demand for gas grows. Next year a further link in the system will be built over 36 miles in Yorkshire linking the industrial areas of Leeds and Sheffield.

Storage

Several additional compressors are being planned for the system to boost the pressure at which gas can be pumped through the country, and money is also being invested in liquid natural gas storage terminals and in the construction of underground storage caverns.

The gas corporation first applied for planning permission to create up to six massive storage cavities in salt deposits about a mile underground in Yorkshire in 1972. The original aim was to store up to 6,000m cubic ft of gas in the caverns as a buffer stock that could be used in emergencies or during periods of peak demand in the winter. Gas could be put in the store during the summer when demand is at its lowest. Each of the cavities was planned to have the same storage capacity as a large liquid natural gas storage tank above ground, about 1,000m cubic ft.

So far two cavities have been created and a third should be completed soon. It is likely that British Gas will start pumping gas into the first two cavities in March or April next year and into the third cavern in 1980.

The site is near Hornsea, about a mile from the Yorkshire coast. No decision has yet been taken to proceed with the second half of the project, and the gas corporation has encountered several problems with the work so far.

The caverns are formed by solution mining. Sea water is pumped underground under pressure to a depth of about a mile and the cavities are slowly created by dissolving the salt in the sea water. The heavily concentrated brine solution flows back to the surface where it is treated and pumped back out to sea.

There have been engineering problems with the wellhead tubing and there have been several failures of the sea water pumps. It also proved difficult to ensure that one of the cavities was created in the correct shape. When finally completed, however, the storage cavities will play another small part in increasing the flexibility of the gas distribution network.

British Gas is committed to reducing the amount of gas which it has previously sold on interruptible contracts to industrial customers. Such contracts are another way of allowing the corporation to cope with isolated peaks in demand. At short notice this group of industrial customers can have supplies cut off so that in emergencies the gas can be switched to premium markets, such as households and certain process industries. Sales on interruptible contracts, however, go against the corporation's policy of maximising sales to premium markets, so it is forced to find other ways of adding flexibility to the supply system to cope with the fluctuations in seasonal demand.

For this reason and to ensure security of supply at the outlying parts of the system, British Gas is also constructing a series of liquid natural gas tanks around the country for storage. Two tanks have been built at Glenmavis, near Coatbridge with a combined capacity of 2000m cubic ft of gas and four more are located at Partington, near Manchester. Other tanks are under construction at the Isle of Grain in the Thames Estuary, at Dynevor Arms in South Wales and at Avonmouth.

The liquid natural gas terminal at Canvey Island is also used for storage, but there are serious questions over the economic viability of the underground storage tanks because of their lack of insulation. Only about one-third of the storage capacity is currently in use taking deliveries of about 100m cubic ft a day of LNG imported from Algeria.

These supplies were started in 1964 as part of a long-term contract that will not finish before the end of 1980. At the time British Gas's future supply picture was very different to the one that now exists, so it is inevitable that the role of the Canvey Island terminal has since changed radically. (LNG supplies were first begun as a way of enriching town gas manufactured from coal or oil.) The world LNG trade is due to expand rapidly in the next few years, however, and it is possible that the terminal could eventually find a new role importing rather greater quantities of LNG than is now the case from Algeria, when UK offshore supplies begin to diminish.

Expansion

But the most interesting expansion of the national transmission system will come in the early 1980s as British Gas develops the Morecambe Bay gas field in the Irish Sea. The corporation has a 100 per cent licence for the field, so again it is likely that it will use the discovery to add flexibility to the system by producing gas only during winter periods of high demand.

Sir Denis Rooke, chairman of British Gas, said earlier this year that the field had reserves of 2-3,000bn cubic ft of gas. It will be developed over the next few years, but is unlikely to be in production before 1983-84. It has not yet been decided in detail how the field will be operated, but the cost of production platforms, undersea pipelines, a shore terminal and the feeder lines into the national transmission system will require an investment of several hundred million pounds.

The corporation is examining five areas on the north-west coast of England in the search for a 300 acre site on which to locate the onshore terminal. It is looking at possible locations near Barrow, on the south-east of the Lune Estuary near Glasson and Cockerham, Deeside near Shotton, North Wales, the south bank of the Ribble Estuary near Southport and the Preesall-Pilling area near Fleetwood.

British Gas is holding preliminary discussions with all the interested local authorities and other bodies in the region and so far has encountered little environmental opposition to its plans. It is looking for a site on flat ground that will give easy access both for the under-sea pipelines and the onshore lines that will link into the transmission network. The first decision to be made will concern possible routes for the marine pipeline and this should be made in March or April next year. The link into the transmission system will be made to the north or south of Merseyside and surveys of several possible routes are now being commissioned. British Gas engineers are also doing some preliminary boring work at potential sites to identify obstacles to future construction.

Kevin Done

Offshore gas

CONTINUED FROM PREVIOUS PAGE

potential energy locked up in many small pockets in the North Sea is in total so large that no Government can ignore it. Sooner or later it will be collected."

This view led the Government to set up a special company, Gas Gathering Pipelines, with the sole remit of studying whether the aivalable gas could justify the construction of a comprehensive gas cathering network of pipelines in the North Sea, which could have cost as much as £5bn.

The report from Gas Gathering Pipelines frustrated the Government's most ambitious hopes, however, and recommended that such a system was neither necessary nor commercially feasible. The amount of gas available before 1990 could be accommodated in the existing pipelines—from Brent and Frigg—and in later years those pipelines could have substantial spare capacity. It suggested instead that attention should be concentrated on the building of a number of mini-gas gathering systems that could feed into these main trunklines

This policy is already being implemented, but the Government faces some difficult decisions if it is to try to insist that approval for future oilfield developments will be partly dependent on oil companies offering an attractive solution to the problem of associated gas recovery.

Its most notable success to date has been with the Piper Field. Natural gas began flowing from this field a few weeks ago into a spur line that has been built to connect into the Frigg pipeline. The Occidental group, which includes Getty Oil, Thomson and Allied Chemicals, was persuaded to invest in a \$150m (£80m) gas conservation programme in return for permission to increase crude oil production from the Piper Field to 300,000 b/d. The supplies of gas, which are under contract to British Gas, will build up to a maximum to 90m cubic feet a day. Peak production should be reached in 1979-80. Assoclaetd gas from Texaco's Tartan Field will also be produced along this 35-mile spur line.

Development

In a similar development Shell and Esso have agreed to lay a gas line between the Cormorant A and Brent A platforms, which will form a western extension to the existing Brent gas trunkline. Negotiations are in progress with other companies notably the Heather and Ninian groups, to tie these fields into the system as well. The North Cormorant and North West Hutton fields are other candidates for this mini-gas gathering network, once the various companies involved, decide to press ahead with commercial developments.

The Government is encountering greater problems, however, in persuading the oil companies to build a northern extension to the Brent gas trunkline linking in the Magnus, Murchison and Thistle Fields. The amount of gas available from each individual field is not sufficient to justify the new pipeline. But taken together the three fields could perhaps produce as much as 120m-130m cubic ft a day of gas, more than the average daily production from the small Rough Field in the southern North Sea.

The Thistle Field is already in production of course and for the moment gas is being flared, but from early next year extra equipment should be installed which will enable the gas to be re-injected. The Murchison Field is also under development and first oil production is expected in 1980. The immediate problem facing the Government therefore, concerns British Petroleum's Magnus Field. BP applied some months ago for approval of its development plan, but this has been held back by the Department of Energy, while it tries to win a strong assurance from BP that it will participate in the northern extension of the gas pipeline. In the early 1980s the Magnus Field could be producing 50m cubic ft a day of gas and 9,000 b/d of liquid petroleum gas—propane and butane.

More exotic alternative methods of exploiting associated gas or small gas fields offshore have also been studied, but they are yet to gather great support. There are several chemical conversion possibilities, but preliminary assessments have shown that options such as the offshore conversion of natural gas into ammonia, carbon black, methanol or ethylene are not really practicable because of the problems and costs of operating process plant in harsh North Sea conditions. Far more attractive are the options of liquefying the natural gas offshore so that it can be collected by special tanker or of using the gas to generate electricity.

A report produced by David Brown-Vosper Offshore for the Government concluded that on both technical and economic grounds it would be feasible to recover excess associated gas through liquefaction and storage at offshore terminals. The offshore terminals would probably be semi-submersible or vessels floating on the surface.

The economic case for such offshore liquefaction terminals rests, however, on producers gaining a price for the LNG similar to prevailing rates in the world market. Such a price would be far higher than that paid by British Gas for its present supplies from either the northern or the southern North Sea fields.

Liquefaction would also open the possibility of the gas being exported, which neither the Government or the gas corporation are likely to encourage. It is thought that where gas reserves are large enough to justify the building of a liquefaction platform, they would just as easily—except in isolated cases—support a pipeline spur to one of the existing gas trunklines.

There are also obvious political objections to the use of gas for offshore power generation. There is already excess generating capacity in the UK, which will last for several years to come, and the Government is unlikely to encourage another competitor for coal-powered stations, which already need subsidies to compete with oil-fired stations.

Taken together the scattered reserves of associated gas do represent a useful extra source of supply for the UK gas industry, but many problems are still to be resolved before the high level of gas flaring expected next year can be substantially reduced.

Kevin Done

Probe into appliances market

EVEN THOUGH the current Monopolies and Mergers Commission probe into the sale of gas appliances is only half way through, the battle lines over the issue have already been made clear.

In making the reference to the commission in November, 1977, the Office of Fair Trading revealed its concern as to why over three-quarters of the retail market for gas cookers, water heaters, and space heaters is in the hands of British Gas's showrooms. The OFT is charged with protecting the consumers' interests and, consequently, wants the commission to decide whether BG's obvious monopoly operates *for* or *against* the public interest.

The Consumers' Association, which has almost 600,000 subscribers to its Which? magazines, has recently suggested that there are several issues of concern about BG's monopoly position—such as prices charges for appliances and whether potential retailers are prevented from entering the market.

BG's involvement with retailing is derived from the same legislation which originally gave it the monopoly in the supply of piped gas. However, retailing gas appliances — although obviously at the "sharp" end of the gas industry—is only a small part of BG's operations. In the year ended March 1978 the sales of gas appliances by BG of £145m represented less than 6 per cent of its total turnover of £2,568m.

But while this involvement is relatively small for BG, it is still large enough to dominate the retail market for gas appliances. Of the estimated 672,000 gas cookers sold in 1977-78, over 95 per cent were sold by BG. In addition, over 70 per cent of all water heaters and well over 80 per cent of all space heaters sold in 1977-78 were sold through BG showrooms or authorised dealers.

In the case of both gas cookers and space heaters, the share of the market held by BG has continued to rise over the past few years.

For example, its share of cooker sales has increased from 91 per cent in 1975 to its present 95.5 per cent. Over the same period the proportion of space heaters sold by BG has risen from three-quarters to its present 81.5 per cent share.

One of the main questions the commission will ask in its investigation is why there appears to be so little price competition for gas appliances, especially cookers. According to a Consumers' Association survey, most gas cookers are sold at or around the recommended retail price. This was in marked contrast to the price competition that existed in the electrical appliance sector, points out the association, where discounts ranged up to 40 per cent below the recommended retail price. Even though Electricity Board showrooms were most expensive, they were still selling cookers, for example, at up to a fifth off the recommended retail price.

For gas cookers, however, the association found that while larger reductions could be found in particular shops during a sale or promotional offer, it was unusual to find gas cookers at more than 10-12 per cent below the list price. "There was no evidence of large scale price cutting either nationally or within particular areas," says the association.

Department stores and authorised agents tended, however, to follow closely the prices set by the local gas region, reflecting the dependence of these types of outlets on BG as a wholesale supplier. But the independent retailers—although comparatively few in number—were offering discounts of up to 10 per cent on most models.

Any price competition that did exist for gas cookers occurred in those models which were widely stocked by both discount stores and showrooms and authorised agents. However, the association argues that such competition could not be considered appreciable since, on most models, discount stores offered only small discounts, usually between 8 and 12 per cent below list price.

The association concludes that, "given the massive buying power of BG, it is surprising that the discounts it must be able to negotiate do not appear to be passed on to the consumer." While acknowledging that this buying power may be reflected in lower list prices rather than bigger discounts, the association calls on the commission to investigate this aspect more fully.

The association also calls for a detailed examination of the question of whether the lack of price competition might be due to the inability of outlets other than gas showrooms to obtain supplies. "If BG has used its monopoly position to prevent its competitors from obtaining gas appliances we would consider this a serious abuse of market power detrimental to consumers' interests," argues the association.

Other trade sources have also suggested to the OFT that there have been difficulties in getting supplies of gas cookers or in getting them at prices which would enable them to sell at prices competitive with gas showrooms.

The retail structure for gas appliance retailing is dominated by BG with over 900 showrooms scattered throughout the UK. The degree of competition to these showrooms is limited by a number of factors. First, as authorised gas agents are dependent on BG for what they sell and the prices they charge they are not really competitors at all. Second, the presence of any alternative outlets is extremely patchy. Some areas of the country have a number of alternative retail outlets, others none at all. Thirdly, even though discount stores and independent retailers do stock some cookers and other appliances, they do not carry anything like the range offered by BG showrooms.

The only effective competition which BG faces on anything like a national scale comes from Comet Radiovision. Even Comet, however, sells a much smaller range of gas cookers than do gas showrooms. Of the 30 or so free-standing gas cookers on the market, 20 or more were stocked by most gas showrooms, argues the Consumers' Association. But the majority of the discount houses, including Comet, only stocked between five and 10 models.

The association concludes that while the retail outlets of both the gas and electricity supply industries dominate their respective markets, there is a marked contrast between them in the pattern of supply. Electricity Board showrooms are by no means the only outlets selling electric cookers and consumers always have a choice of retailers. But, says the association, only in the case of those cookers which are widely stocked by gas showrooms, Comet discount stores, and the limited number of other outlets selling cookers, is there anything approaching a competitive market. "For many consumers looking for a particular model of cooker there is no alternative to the gas showroom or an authorised agent of BG," says the association.

Manufacturers

The question of competition is also raised by the fact that the three biggest appliance manufacturers are estimated between them to make about half the appliances sold in the UK.

The major manufacturers are: Thorn Domestic Appliances, which has about half the total market for gas cooker sales, and two of its brands, Main and Parkinson Cowan, share market leadership; Tube Investments, which has about a fifth of the gas cooker market with its New World brand; and Belling, Valor, Cannon, and Flavel are the other main names in gas cookers, between them accounting for about a quarter of the market.

But, despite the criticisms and the threat of the commission's probe hanging over its head, BG is still aggressively trying to boost its market shares. The boom in home improvements—especially in fitted kitchens—has led BG to put substantial effort into marketing gas appliances to fit in.

David Churchill

Remarkable record in industrial relations

AGAINST EXCEPTIONAL odds, the British gas supply industry has maintained remarkably good industrial relationns since nationalisation in 1948.

Few if any other major industries can have undergone a change in function so fundamental as has the gas industry. The past decade has seen the *industry all but totally abandon* its original primary job of manufacturing gas to concentrate almost exclusively on distribution and service.

At the consumer end the switch from coal and oil-produced gas from the now largely defunct gas works to natural gas supplied directly from the North Sea has made little difference. But in the industry itself it has entailed profound changes in the deployment of the workforce coupled with a major demanning exercise over a period of only six years.

A manual labour force of 70,000 before 1963, and largely concentrated in the gas works, was down to 30,000 by the early 1970s. Moreover, jobs were no longer a matter of coal shovelling and sweating, physical labour on the works floor had moved to the higher skills required in laying pipelines and in the repair and maintenance of gas installations.

Unblemished

Yet apart from a five-week series of selective strikes and overtime bans in 1973 in the battle to reorganise salary structures in the face of a Conservative Government's incomes policy, the industrial relations record has remained comparatively unblemished.

Over the past year the labour relations record in the British Gas Corporation (BGC) has been thrown into relief by troubles in other nationalised industries which have also undergone radical changes as a result of other forms of technological advance.

The electricity supply industry was being seriously disrupted this time last year by unofficial industrial action linked to demands for better rewards following a major exercise in demanning related to new technology in power stations. Post Office engineers had also been conducting for over a year a campaign of action in the face of the introduction of new telephone technology and what they saw as an associated threat to their jobs.

The industrial relations record of the gas industry in terms of its comparative lack of industrial action so far should not, however, be taken as any guarantee of perpetual harmony in the future.

Union leaders and industrial relations experts in BGC alike concede that the corporation has had a fair measure of luck in achieving a comparatively smooth transformation in its operations. The change to natural gas came at a time of high employment. Many of the blue-collar workers preferred to quit and take the lump sum of money offered rather than apply for redeployment into other kinds of jobs.

Mr. John Edmonds, national officer for the industry in the General and Municipal Workers' Union (GMWU), says that the change was conducted "with more humanity than imagination," meaning that while the workers were treated fairly, the corporation was not quick enough or sufficiently far-sighted in introducing retraining schemes.

Even so, lack of retraining opportunities created no immediate problems because of the number of workers who chose to leave the industry for other jobs.

In addition, the nature of the change to natural gas held certain advantages for the BGC. The workforce had plenty of warning of the dates for closure of individual gas works in advance even of the six months notice issued by the corporation.

For the white-collared workers, meanwhile, the change in an already expanding industry had much to offer in terms of promotion prospects and technological challenge.

All this happened against a background of a well-established industrial relations structure in the corporation, however, and to this extent credit is due to those who took part in its evolution on both the unions' and employers' side.

The GMWU, representing the bulk of the now 40,000 strong blue-collar workforce, knew the industry inside out. It was formed in 1924 partly out of amalgamation with the gas workers' union formed in 1889 and drew its first general secretary from those ranks.

Industrial relations expertise in BGC is also well established. The corporation has been among the nation's leaders in some areas of labour management reform.

Industrial relations negotiating machinery headed by a national joint negotiating council was revamped in 1975

CONTINUED ON NEXT PAGE

Meeting the demand

THE gas industry is confident that the offshore natural gas reserves it has already taken under contract are sufficient to meet demand from premium markets at least to the end of the century. Beyond that date the supply picture is less clear, but according to Sir Denis Rooke, the chairman of British Gas, it would be "astonishing" if no more commercial gas finds were to be made on the UK Continental Shelf in the years ahead.

With such a large, ready-made market to offer, the UK is also ideally placed to attract gas supplies from other sectors of the North Sea, especially the Norwegian. Imported gas from the Norwegian portion of the Frigg Field accounted for 20 per cent of the UK's total supplies in September and October. By the end of next year the Frigg Field—60 per cent of which is in the Norwegian sector—should be supplying an average of 1500m cubic ft a day. In addition it is possible that the UK will also prove to be the most obvious market for associated gas supplies from some Norwegian oil fields, such as Statfjord. The ultimate decision will be a political one, however, and will depend on whether enough extra gas is discovered in the Norwegian sector of the North Sea to justify the construction of a trunkline to the Continent, where better prices could be obtained.

Processes

For the longer term processes have already been developed for producing substitute natural gas on a commercial scale from a variety of hydrocarbon feedstocks and in particular from coal. Some time in the next century these processes will be needed to augment dwindling natural gas supplies.

The first UK natural gas came ashore from the West Sole Field in the southern North Sea in 1967. Supplies have since built up to more than 4,000m cubic ft a day and the reserves now under contract will support a production rate of about 6,000m cubic ft a day by the early 1980s.

The most significant addition to UK supplies in the last year has come from the Frigg Field. By the end of 1979, when it will be producing at a daily average of more than 1,500m cubic ft a day it will be accounting for more than 30 per cent of the gas corporation's current supplies. British Gas is looking to the northerly regions of the North Sea for large new supplies of fuel. Within a couple of years gas should also be coming ashore from Shell/Esso's Brent Field. Brent, the largest oil field in the UK sector, not only contains substantial quantities of gas produced in association with crude oil, but also a "gas cap," in essence a gas field sitting on top of the oil reservoir.

Shell and Esso are contracted to begin supplying British Gas at the St. Fergus terminal in October 1980, but the construction programme for vital parts of the development onshore is slipping far behind schedule. The Brent Field contains about 3,000bn cubic ft of natural gas along with some 600m barrels of condensate and natural gas liquids. At peak production it could meet about 15 per cent of UK gas consumption.

The field is large by any standards, but the particular combination of hydrocarbons discovered in the Brent province, 100 miles to the north-east of the Shetland Islands has necessitated a development programme which in complexity rivals any in the world. But ironically Shell has encountered its most intractable problems with the project onshore in its proposal to build a natural gas liquids separation plant at Mossmorran, Fife, along with a marine terminal at nearby Braefoot Bay.

The project has been fiercely opposed by articulate local protest groups. Although Mr. Bruce Millan, the Scottish Secretary, gave the scheme provisional planning approval at the end of March, he is still delaying the full go-ahead. The public inquiry into the project was held 17 months ago in July last year.

Natural gas from the Brent Field will come ashore at St. Fergus, where it will be separated from the natural gas liquids stream. The NGLs — propane, butane and ethane — would then be piped to Mossmorran for further separation and processing. But full production from the Brent Field of oil and gas cannot be achieved if there is no proper way of disposing of the NGLs. To a limited extent they can be reinjected into the field for later recovery. There is also an emergency plan for burning some quantities at Peterhead power station, but this would be both wasteful and costly in lost revenue.

Shell is contracted to begin supplying natural gas (methane) to the gas corporation in October 1980. Supplies are supposed to build up quickly to a minimum level of 500m cubic ft a day, rising later to perhaps 650m cubic ft a day. Shell's gas terminal at St. Fergus is already under construction at a cost of more than £100m, and building should be completed by the middle of 1980. This will allow limited natural gas sales to be made under the contract to British Gas, but it cannot provide a long-term answer. Full production will be impossible without the building of a complementary plant to separate and process the natural gas liquids.

Brent

In the medium term the Brent gas trunkline will also be used to bring ashore further associated gas supplies produced from other oil fields in the East Shetland basin.

The Government, which is taking a much tougher stance on the wasteful flaring of such gas offshore, is actively promoting two schemes to add extensions to the Brent gas line. These would take in fields lying to the west and to the north. The western leg extension, which is already being built by Shell to link gas production from the Cormorant and Brent Fields will probably be connected later to the Ninian, Heather and North Cormorant Fields and also to the North West Hutton Field when the Amoco group decides to press for commercial development.

The northern leg could encompass the Magnus, Murchison and Thistle Fields. Magnus, which is to be developed by BP at a cost of more than £1.25bn could produce about 50m cubic ft of natural gas in the mid-1980s.

Further south the Occidental group has almost completed a $150m gas conservation programme for the Piper Field. A spur line has been built to the Frigg gas trunkline, which could take up to 90m cubic ft a day of gas by 1979-80. Associated gas from the Tartan Field will be produced into the same system, and it is likely that Mobil's Beryl Field will also be connected to the Frigg line at a later date.

The build-up of all these supplies from the northerly fields could have provided British Gas with an embarrassment of riches. Production from some of the major southern fields has declined a little, but they are still capable of meeting the bulk of UK demand.

CONTINUED ON NEXT PAGE

Industrial relations

CONTINUED FROM PREVIOUS PAGE

and the terms of reference of the joint consultative committees were considerably widened in January 1977 with the introduction of planning liaison committees. There are aimed at giving workers more contact with the running of the industry and more say in affairs affecting their conditions.

Some friction has arisen on the industrial democracy issue, however, where the corporation has so far drawn the line at accepting 50 per cent worker representation on its Board in its recent submission of its plans to the Department of Energy.

But in the negotiating area, the unions and employers are still seeing the benefits of changes in terms and conditions of employment worked out in 1975 to match the transformation of employment in the industry.

Since rates of pay for distribution workers had fallen behind as a result of being for so many years only the secondary function of the corporation, major changes were needed. Mr. Edmonds says that one of the major reasons that trouble has been avoided since then is the union's success in negotiating at that time wider differentials, more flexible hours and higher guaranteed bonus pay.

The increasing prosperity of the Corporation since the change to natural gas, has also undoubtedly helped to promote good industrial relations. When the industry was released from its ties with coal, financial constraints on wages were lessened. Average earnings for manual workers are between £92-93 a week at present, similar to those in electricity supply but well ahead of, for instance, the £73-£74 in the water supply industry.

Expansion

The changes also took place at a time of rapid expansion and growth of demand. Gas consumption rose some 6 per cent last year and the fuel now supplies, according to BGC, about 25 per cent of industry's needs compared with only 4 per cent in 1965.

Luck and favourable financial conditions, however, will not solve some of the outstanding problems affecting labour in the industry at present.

The National and Local Government Officers Association is concerned about radical changes in white-collar jobs as a result of computerisation. The threat to office workers' jobs is a serious one in a labour-intensive service industry.

Among the manual workers, militancy has been growing over the past year or so because of the use of contractual labour on the pipeline and distribution side. A form of industrial action is already threatened from next January because of gas workers' frustration at what they claim is lack of expertise and shoddy work on the part of some contractors.

The GMWU says that too often the corporation's own skilled workers are having to repair sub-standard pipeline installations carried out by contractors and the workers feel that the bad workmanship reflects on themselves.

In particular it is critical of the corporation for not having worked with enough speed to expand its direct labour force through training schemes. The problem has been underlined by the extra workload imposed by the King recommendations on small pipeline installations following a series of gas explosions a couple of years ago.

The union is further anxious to see changes in the present work measurement bonus scheme which lays down standard times for carrying out particular service jobs.

The incentive scheme is successful to the extent that it gives bonus guarantees and also provides an effective spur for service workers to carry out their jobs quickly and efficiently. It also gives the service worker considerable control over his personal level of earnings and gets rid of the necessity to have supervisors overseeing their work.

But according to the union the scheme as it is constructed at present can directly discourage gas service workers from embarking on more difficult and time-consuming jobs — a view with which the National Gas Consumer Council would probably agree. The council says that the level of user complaints — a total 48,600 last year, of which 14,600 were service complaints—are still too high, although they have to be seen against a background of 14m service jobs last year.

Pauline Clark

Substantial rise in gas sales

A TOTAL of 15.1bn therms of gas was sold by the British Gas Corporation during the 12 months ending in March this year—substantially more than the 13.8bn therms sold in the preceding year.

The corporation forecasts sales of over 18bn therms in 1982-83 and there seems to be no reason for rejecting its optimism. The current success of British Gas marketing policies is acknowledged even by those energy industries whose own sales are under pressure as a result.

Earlier this year, Sir Francis Tombs, chairman of the Electricity Council, said British Gas was to be "congratulated on its marketing expertise and enthusiasm." But he added that the "rise of the gas industry in recent years has been a model of the monopoly exploitation of a cheap and favoured fuel"—a compliment with a decided sting in the tail.

British Gas sells to the commercial, industrial and domestic markets and last year it increased its sales to all three. Domestic sales went up from 5.1bn therms in 1976-77 to 6.9bn in 1977-78, industrial sales went from 6.1bn to 6.4bn and commercial sales rose from 1.5bn to 1.7bn.

The figures represent an increase in industrial sales of some 5.8 per cent and this against a background of "continuing economic recession and efforts by customers to conserve energy." Sales in the commercial sector were up by 13 per cent and British Gas claims this reflected "customers' awareness of the advantages to be gained from the use of gas in commercial premises."

Domestic sales rose by 12.6 per cent—at a time when comparatively few new houses were being built and when modernisation programmes were operating at a depressed level. The corporation says these constraints were offset by "highly satisfactory achievements in appliance marketing and by gaining new customers within the established supply area who had not previously used gas." At the same time gas did maintain and indeed increase its share of the difficult new housing market.

Much of the extra gas sold to domestic users during 1977-78 was for central heating—more than half a million new gas-fired installations were completed during the year.

Direct sales of gas central heating systems were 26 per cent up during 1977-78 on the year before and the total gas share of new central heating systems has been improving steadily since 1973. In 1973-74 gas accounted for roughly half of all acquisitions in the central heating market but by 1977-78 the figure was in the region of 80 per cent.

Industry

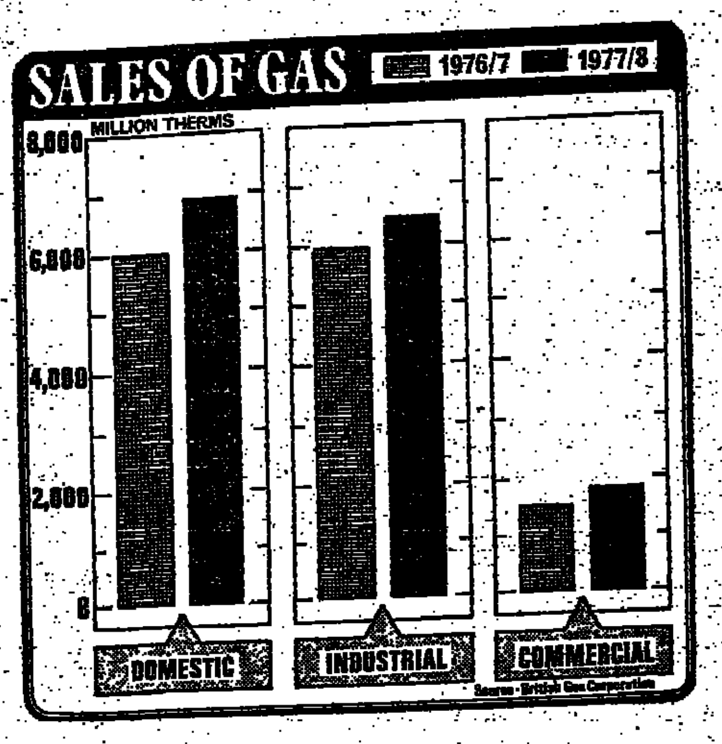
On the industrial front, sales of gas have increased in nearly all individual sectors as well as overall. British Gas's biggest industrial customer is the chemical industry which bought 2.2bn therms during 1977-78 as compared with 2.09bn therms the year before. Engineering and metal goods, which covers the shipbuilding and vehicle industries took 1.15bn therms, which was up on the 1.02bn therms bought in 1976-77.

The metal industry bought 757m therms in 1977-78—18m more than in the previous year. The food, drink and tobacco industry, which accounted for 452m therms, and the china and earthenware industry which bought 305m therms, were also major industrial customers in the year ending March 1978.

Commercial concerns, as a group, provide the smallest of the corporation's three main markets but here, too, gas sales have been steadily increasing in almost all sectors over the past two or three years. The educational and medical services accounted for 556m therms of gas in 1977-78 and national and local government bought 221m therms during the same period.

These British Gas statistics reflect the corporation's policy of directing its sales towards the premium markets, the aim being to "ensure the most effective use of the nation's indigenous fuel resources." One obvious premium application for gas is heating and over the next few years the biggest expansion of sales is expected to take place in the domestic market.

The corporation estimates that gas should be supplying about half of all the energy used in domestic households by 1982-83. Some further expansion can also be expected in the industrial and commercial markets though as Sir Denis Rooke, chairman of British Gas, has warned, growth rates generally will "inevitably" slacken during the 1980s.



Criticism

But forecasts of slower growth rates in the 1980s do nothing to stem the criticism of British Gas pricing policies being made by the other energy industries. The corporation's fiercest critic in this area is probably Sir Francis Tombs.

Last month Sir Francis pointed out that British Gas currently pays a landed price of about 2p a therm for natural gas from the Southern Field basin of the North Sea. He added that this gas provides a high proportion of total supplies. He claimed that, without taking into account the "so-called premium value of natural gas," this Southern Basin price was "ridiculously cheap." The electricity generating boards were paying a delivered price of around 9p a therm for coal and residual fuel oil.

"The problem is that the cheap average price of all gas at present is stimulating gas demand and hence the rate of depletion of natural gas," Sir Francis said. "This does two things: it brings nearer the day when natural gas will be in short supply and it makes more difficult the task of other energy industries, such as electricity, in providing alternative sources of energy when the gas runs out.

"Whenever we raise this problem we are accused of trying to fix the competition. Of course there would be benefits to electricity if the gas pricing position were made fairer, but our main concern is that everyone should be fully aware of the overall energy supply problems which are being created by the present policies.

"One of the interesting features of gas prices to which little public attention seems to have been given is what has recently been happening to industrial gas prices. This is an area where the British Gas Corporation states that it prices on the basis of market conditions. The average price of industrial gas has increased by well over 30 per cent in each of the past three financial years and the position has now been reached in which some industrial consumers pay more for gas than do domestic consumers."

Sir Francis' figures are borne out by the Energy for Industry and Commerce Bulletin which is published by Cambridge Information and Research Services. The bulletin found that gas prices for industrial users were 29 per cent higher in the second quarter of 1978 than at the same time last year.

Sir Fancis is not alone in criticising British Gas for its pricing policies. National Utility Service, a U.S. based energy cost consultancy, also has adverse comments to make.

It claims there are "numerous anomalies" in the prices British Gas charges individual customers and it says that if the corporation "really intends to become market related it should make sure its policy is consistent." The service adds that many of its 3,000 UK clients have been found to be paying more for their gas than was necessary. It also says that the present price system discriminates unfairly against small industrial and commercial consumers who offer good loadings.

Prices

The average price of gas in 1977-78 was 18.5p a therm for domestic customers, 9.7p a them for industrial users and 16.4p a therm for commercial users. Tariff prices have remained unchanged since April last year but the figures show that contract prices have risen steeply as contracts have come up for renewal—the aim being to bring gas prices into line with related oil prices.

British Gas itself does not accept many of the criticisms made against it by Sir Francis and others. It notes, for example, that the cost of the gas it buys is going to increase significantly as the proportion of total supplies coming from the Northern part of the North Sea rises.

It also stresses that its policy on gas depletion is one of conservation and of giving priority to supplies to the tariff and premium markets.

The corporation's planned policy for the next few years "will be one of matching gas supplies year by year to the level of premium and essential interruptible sales, rather than adjusting sales to the quantities of gas coming forward."

In its last annual report, the corporation also said: "Major research and development work on the production of substitute natural gas from various feedstocks, including coal, will continue so as to ensure that natural gas can be supplemented and then replaced when the supply eventually declines."

Sue Cameron

Demand

CONTINUED FROM PREVIOUS PAGE

The new supplies have led the gas corporation to renegotiate many of its southern field contracts in order to gain greater flexibility of operation. In essence it has traded an agreement to pay slightly higher prices for its gas in return for producers' willingness to delay deliveries substantially or even on occasion to shut down production completely. This process should bring supply and demand back into balance. But just as importantly it offers British Gas a most satisfactory way of ensuring that it has extra supplies to call on during periods of peak demand in the summer.

Flexibility

The extra flexibility could allow the corporation to shut down a field altogether for all or part of a summer season. Equally, because the price of gas from the southern fields is so much lower than the price of northern gas, it might take less than the minimum supply quantity stipulated by the contract, leaving the gas in the ground for extraction later. It is possible that eventually some southern fields, especially Hewett, might even be used as storage reservoirs to hold expensive gas from northerly fields, which must be produced according to strict contract conditions, until it is needed to meet market demand in later years.

British Gas's supply pattern will gain further flexibility in the mid-1980s, when the Morecambe Field in the Irish Sea is developed. This field has reserves of at least 2-3,000bn cubic ft, and most importantly it is held under a 100 per cent British Gas production licence.

The corporation is planning to produce the Morecambe Field so that it will have the flexibility both of meeting high demand in winter and operating at very low levels in the summer. The need for such flexibility is clear. UK gas demand can vary from a low of only 2,000m cubic feet a day in the summer to a peak of 7,000m cubic feet in the winter.

Last year British Gas purchased a total of 3,000bn cubic feet of gas from the UK Continental Shelf. By the beginning of the year the remaining proven UK reserves were estimated by the Department of Energy at 26.4000bn cubic feet. This figure contrasts with total known reserves in all discoveries — including some that could prove uncommercial — of 54.7000bn cubic feet. Whether all these reserves will ever be developed is clearly open to question, but they amply sustain British Gas's confidence of meeting demand in premium markets well beyond the year 2000.

K.D.

Record Review

Ten for Christmas

by ANTONY THORNCROFT

Record albums—or rather record album tokens, might have been invented specifically as the all-purpose, irreproachable, Christmas present. Here are a dozen ways of converting them into wax, culled from recent releases.

On the Sentimental Side: Al Bowley: Decca DDV 5009/10. It has taken the critical success of Denis Potter's television drama series "Pennies from Heaven" to rescue the British swing bands of the 1930s from oblivion. Or has it? I suspect there was already a groundswell of interest in these beautifully precise orchestrations, spoony lyrics and lush melodies. Now Al Bowly and Lew Stone are respectably dropped names and this double album provides as many of the prolific recordings of Bowly that you could ever cope with. From *Love is the sweetest thing* to *Let's all sing like the birdies sing*, from very early 1931 releases when Bowly was just a "vocal refrain" to his post throat operation 1938 work with the excellent Lew Stone Band, this is a nostalgic orgy of 32 songs from the age of innocence.

Photogenic/Not just another pretty face: Melanie: RCA 13056. This is the first album from Melanie for some time and finds her less contrived, less emotional, less interesting. She is now just one of that enormous pack of American girl singers—Linda Ronstadt, Bonnie Rait, Emmylou Harris, etc.—who produce consistently reliable, but bloodless, albums full of second-hand love songs and restrained rock numbers. The first side has all the tedium of this safe approach and Melanie's own compositions lack the personal poignancy of her under-rated early work, but the second side saves the ship. A classic version of *I'd rather leave while I'm in love*, a lip trembler from another of the pack Carole Bayer Sager; followed by an interesting *Let it be me*; a plaintive *Yankee Man*; and the now standard *California Dreamin*—as good a bunch of contemporary American song-writing as you are likely to find.

Boney M: Nightflight to Venus: Atlantic: K 50498. Boney M has replaced Abba as the all purpose musical hit machine, and there will be more shuffling around to this album than to any other this Christmas. Quite why the German recording studios, especially those in Munich, should have cornered the market for the international disco sound is a nice question but Boney M, a spectacular quartet of black Americans, is the peak of their achievement and with the sturdy bass line, the dazzling strings, and bright guitar work this is the perfect escapist commercial sound of the year and because it has no pretensions is beyond criticism.

Joan Armatrading: To the limit: AMLH 64732. Sensitive, intimate, work from probably the best British girl song writer; this is Joan Armatrading's most sophisticated album to date and has all her strength as a perceptive lyricist, plus more subtle melodies. You feel like an eavesdropper on some of the most personal songs, although Joan Armatrading maintains that they are art, not reality. Not an album to get a party going but ideal for muoney melancholics.

Three light years: ELO: Jet Br 1. A clever piece of Christmas marketing—three early albums from this increasingly popular band which has pioneered the cello as an instrument of money-making. ELO swing between pretentious, over-orchestrated flights of a limited imagination and conventional rock songs. Oddly enough the results sound increasingly satisfactory—the intellectual input is deftly placed secondary to the pop rhythms, and Jeff Lynne writes pretty melodies. I always thought that ELO addicts were a breed apart but after two hours' deep immersion in this riot of sound you begin to see the appeal.

Blondes have more fun: Rod Stewart: Riva. A fine straightforward album from one of the masters of the art, with its own touch of the Munich sound. The whole enterprise is a vehicle for Rod Stewart who has the kind of charismatic voice that only rock could have romanticised—democratic, rough, urban. Not all the songs deserve the sharp musical treatments they receive—some are weak parodies of old Stewart work—but if few will rave even fewer will be disappointed in this safe selection, designed to reinforce Stewart's reputation as an international playboy.

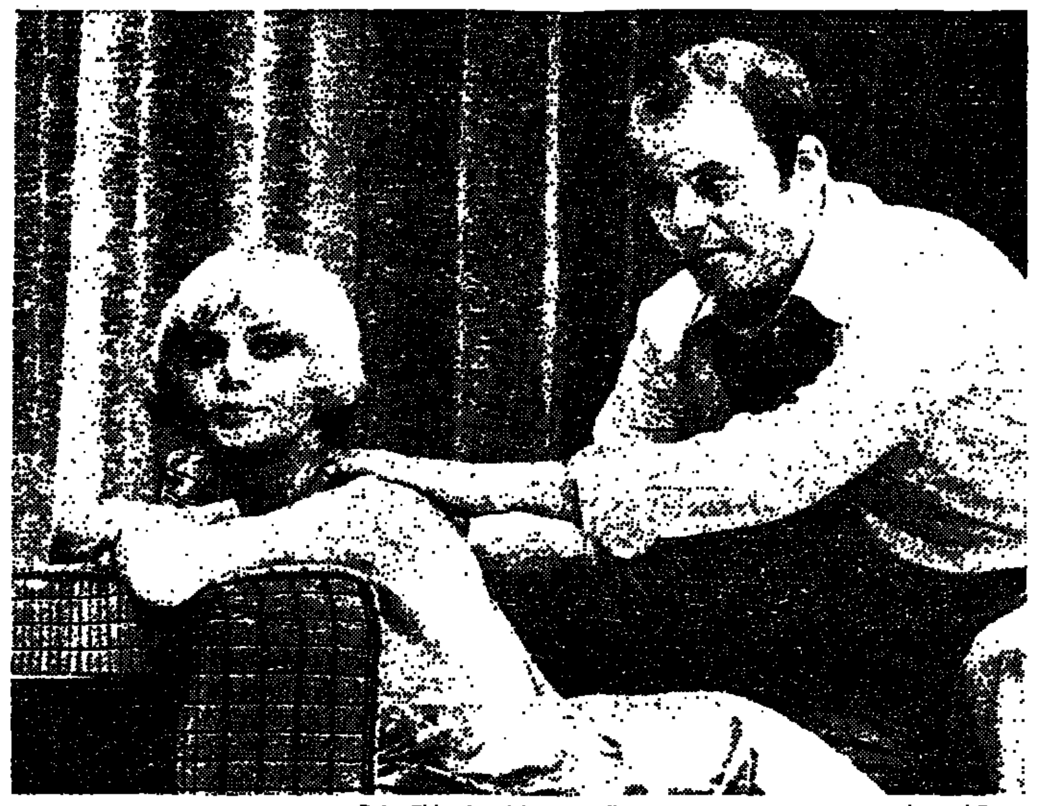
A single man: Elton John: Rocket Train 1. A welcome return to form for one of the more attractive of popular artists. Not much anguish here, or the deep lyrics of the Bernie Taupin days, but light, accessible songs from writer Gary Osborne and Elton John's melodies and voice sound nicely refreshed after a two-year break. Even better things could be rebuilt on these solid foundations.

The Cars: Elektra: K52088. The spirit of rock music captured by this Boston-based band. An album which fuses the 20 years of the tradition with a touch of 1978 anarchy. The Cars would probably be better if they had a little more ambition, but there were not many better pop songs this year than *My best friend's girl*, included here with many immediately likeable numbers.

Well, well said the rocking chair: Dean Friedman: LSLP 6019. The latest American singer song writer, with one eye on the portentous. But the heavily lyrical ballads like *Lydia* are well balanced by the humour in songs like *S. & M.* Friedman also has a good clean cut voice and as long as the cultists do not claim him he could make the popular breakthrough which missed the comparable chronicler of the American scene, Harry Chapin.

Jethro Tull: Live Bursting Out: Chrysalis, CJT4. All the usual complaints about a live album—indifferent sound quality, the irritation of the audience—haunt this memory of Jethro Tull's recent European tour. But the relish with which Ian Anderson works at his performance makes this a valuable record of one of the most consistently interesting, if outrageously fey, British bands of the past decade. For addicts rather than novices.

Joan Armatrading, Melanie and Rod Stewart



Britt Ekland and Julian Holloway

Leonard Burt

Comedy

Mate!

by B. A. YOUNG

Olivia, played wtih an almost total lack of life by Britt Ekland, believes that if men should have several girls, girls should have several men. Five years after separating from her barrister husband Henry, she simultaneously accepts Mark, a Cockney night-club tycoon, and Colin, a refined publisher; and then she seeks out Henry to find out how to cope.

In successive scenes, Henry attends, disguised as Olivia's uncle, while she entertains them one by one. Announced as an Australian, he plays a parody of a New Yorker for Mark, and ends up challenging him to a fight. Announced as a New Yorker, he does an Australian act (very much better) for Colin, and gets them both drunk almost at once. Next day it seems that polyandry is to set in seriously, and the three men begin to map out their timetables. But in comes Jeremy to look over the flat. . . .

Such a thin plot clearly needs a lot of padding, and the author, C. Scott Forbes, provides it so generously that there seems to be nothing in the play but padding. Why else, for example, the pointless swapping of "Uncle" Henry's nationalities? Why those jokes about Olivia's grasp of English idiom?—Olivia being apparently as Swedish as Miss Ekland. How otherwise could a director as experienced as James Roose-Evans forbear to cut such lines as "I breed small Danes." "Small Danes? What kind of dog is that?" "That's a miniature Great Dane."

Julian Holloway's determined assault on the opportunities provided in Henry's part save the evening from being an absolute zero.

Institut Français

Le Maréchal Ferrant

by RONALD CRICHTON

The third—or is it fourth?—comic opera by Philidor to be given at the Institut Français in London marks the formation, with the backing of the Cultural Office of the French Embassy, of a new enterprise. Opéra Comique is a suitable name for a company that will, one hopes, specialise in the operas with spoken dialogue that are an important part of the French musical repertory but don't fit easily into modern operatic life. They need singers who can speak and act, and intimate theatres.

Le Maréchal Ferrant (the title means a shoesmith who shoes horses and also acts as a vet) is a nice, gentle little country piece that inevitably suffers from being seen after the more robust and musically richer *Tom Jones* by the same composer, so much enjoyed last year. Marcel, the smith in question, wants to marry his daughter Jeannette to La Bride, coachman at the nearby château. Jeannette has set her heart on a young farmer, Colin. He is being pursued by Jeannette's aunt Claudine, a former flame of La Bride. Finally, but not before Colin has drunk some horse-potion by mistake, been assumed to be dead and then mistaken for a ghost, the young couple and Claudine and La Bride sort themselves out.

These rustic humours would have seemed less mild if the performance had been stronger. The elements are there but by last night they had not come together. The singers were well prepared. A pleasure to hear again the grave-toned mezzo Veronica Dietschy (Jeannette) and the soprano Sally Bradshaw (a very young-looking aunt Claudine), whose style and diction do credit to her teacher Regine Crespin. The tenor Christian Jean (Colin) confirmed the generally good impression he made the other week in the Paris *Médecin malgré lui*. Alain Munier (Marcel, the Smith) is a young baritone we shall hear again. Emile Belcourt made much of the coachman La Bride (not so grateful a part as Squire Western in *Tom Jones*). Charles Metcalfe and Oz Clarke filled in corners as two bumpkins, Eustache and Basilen.

Nicholas McGegan, who must have conducted more operas by Philidor than anyone else alive, was not last night securing a sure enough ensemble between singers and orchestra. Speeds felt slack even when they were in fact quite fast; the authentic instruments (ah, yes) will no doubt be more confident and better tuned at the remaining performances, tonight and tomorrow. The production by Pierre Romaus is mild, like almost everything else. When opera productions are conventional and mild they give hostages to the madder excesses of the other extreme.

The programme was short on information. Who wrote the libretto? Where does *Le Maréchal Ferrant* come in Philidor's output? Did he in any other operas use those unaccompanied *chansonettes* which were a pleasant feature of the score as given here? Performances at educational institutions backed by Ministries ought to be well documented. Some of our colleges are just as bad.

Philidor, chess champion as well as musician, who died in London, is a taking composer. He knew what he could do (which included writing a good, full-scale overture) and usually managed to do it just a little better than one expects. His ensembles are neat and nimble, there are touches of humour like the hee-haws in the donkey duet and the cracking whip in La Bride's coaching song.

St. George's Appeal

St. George's Theatre, which was formed to present Shakespeare as close as possible to the original productions, is the latest artistic organisation looking for industrial sponsors. The St. George's Theatre, a converted church in north London, receives no grants or subsidies but believes it can run commercially if it has the funds to instal a balcony, adding an extra 300 seats. Without the additional box office revenue it anticipates a deficit each season of around £50,000.

A reception at the Mansion House on Tuesday launched the appeal. One idea is that the balcony, which divides into five bays, might be sponsored by five different companies who could display their name and insignia in perpetuity.

Daniel Gerroll dancing with Polly Hemingway

Open Space

A Respectable Wedding

When did *you* last howl with laughter at a Brecht play? The *silence is deafening*. Well, it is my pleasurable duty to report that this stunning revival by Mike Ockrent (who directed Sternheim's *Schippel* and Mary O'Malley's *Once a Catholic*) establishes Bert's 1919 one-act piece—could he *possibly* have been working on *Baal* and *Drums in the Night?*—as a farce classic, fit to be set alongside the best of Chekov's one-acters.

The scene is a wedding party. The theatre stinks of glue, or fish, or somebody's feet. The culprit is glue, for the Bridegroom (Peter Woodward) has literally constructed his own home, and the action progresses through a series of hilarious domestic *faux pas* and recriminatory accusations to the accompaniment of the sound and sight of collapsing furniture. If anyone had ever wanted to make a case for Brecht being the lost Alan Ayckbourn of the Weimar Republic, this is the play on which it could have been built.

"Callow juvenilia" is the standard critical response to the play, given its British première here in a translation by Jean Benedetti. The characterisation is beautiful, giving us a rambling old Bride's Father (Richard Simpson) who disrupts the feast with tales of dropsy, vomiting, lavatories and physical disintegration, and a guitar-toting outsider (Daniel Gerroll) who sidles lewdly up to the Bride (Polly Hemingway) with a filthy song to paralyse the company.

Aided by excellent support from Roger Kemp, Alison Key and Mary Henry, Mr. Ockrent has given a fascinating and thoroughly entertaining side-light on Brecht's view of marriage as an institution.

MICHAEL COVENEY

Elizabeth Hall

Juilliard Quartet

by DOMINIC GILL

For the last of their three recitals this month of Haydn, Bartok and Schubert, the Juilliard Quartet last night gave Haydn's op. 71 no. 1 in B flat, the second Bartok, and the Trout *Quintet*. It might have been a splendid finale: but as the stars would have it, the occasion did not find the Juilliard on their most exciting or rewarding form. The evening passed by agreeably enough, without leaving any very memorable mark: a solid, workmanly recital, decently given, but without magic or mystery.

The first I thought best: a lively, fine-grained account of Haydn's B flat quartet op. 71, sweetly voiced in its adagio, quick and virile in its cornucopian finale. The Juilliard's Bartok seemed prosaic by contrast: for all the fine things in the concluding Lento, spare and sonorous, its muted pianissimi ghostly pale, the first movement called for grander presence, grander angst (Kodaly, not given to irony, surely missed the point entirely when he subtitled the movement "Quiet Life"). And even in the *capriccioso*, on the surface of the notes impeccably delivered, there is a snarl and a thrust to the music which the cello here alone caught precisely.

For Schubert's Trout quintet, a Juilliard Trio was joined by the double-bass of Donald Palma and the piano of Jorge Bolet. It was not a satisfying performance. I have a boundless admiration for Mr. Bolet as a solo pianist: perhaps it was his very understandable soloist's fear of over-weighting the chamber texture that restrained him to such a point of reticence? The ensemble, and the balance generally, was uneasy. Roles were not clearly defined. An odd, uneasy reading that had its passing pleasures and graces, and that once or twice sparkled, but at heart held no promise of joy or song.

Randy Weston concert of solo piano

The American jazz pianist Randy Weston is to give a concert of solo piano music on Friday, December 15, at the Logan Hall of London University, Bedford Way, WC1, starting at 8.30 p.m.

Weston has recently presented similar concerts in Tokyo and Tahiti and refers to his playing as "African rhythms" rather than jazz. He will show the African roots of many different musical trends including jazz, calypso, bossa nova, and the blues.

On the following evening Weston will play in the more intimate atmosphere of the Pizza Express in Dean Street.

Tickets for the Logan Hall concert cost £2 or £3.

King's College, Strand, WC2

Invitation concert

by MAX LOPPERT

For its current series of Radio 3 Invitation Concerts, the BBC has devised the excellent plan of giving them at the various London schools of music. The third in the series, on Tuesday evening, took the London Sinfonietta (conductor Peter Eötvös, soloist Dorothy Dorow, a virtuoso soprano who visits London too seldom these days) and the BBC Singers (conductor John Poole) to the intimate, friendly Great Hall of King's College. In an unusually well-balanced and attractive programme, two modern "classics," Boulez's *Improvisation II sur Mallarmé* and Messiaen's *Cinq Rechants* for 12 singers (in the BBC Singers' now celebrated reading) acted as ballast to an introduction to some recent music by two young English composers, Vic Hoyland and John Casken.

As connecting thread, the presenter, Arnold Whittall, discerned in the programme a literary basis or influence apparent in the substance of all four pieces. There was perhaps a second thread running in parallel — more tenuous than the first, less amenable to tidy formulation, but clearly recognisable. In their very different ways, and in different degrees, all four are "magic" pieces—during their course time is distended or held at bay, and the sonorities, instrumental or choral, practise a heightening or else a relaxation—even, perhaps, a seduction—of the senses.

Vic Hoyland's *Ariel I*, for soprano used more as tone-colour than lyrically, and an array of flutes, harps, organ, celesta, percussion, and trembling, whispering vibraphones and marimbas, was certainly an aural seduction—a finely woven tissue of sound arabesques, rills, and embellishments calculated with an ear of uncommon sensitivity. Ariel is Shakespeare's, and also Sylvia Plath's, a rather Dionysian combination; in addition to the magic elements in the music (during which the solo flute sings snatches of Debussy's *Syrinx*), there is a suggestion of disturbance. Mr. Hoyland's voice, as here revealed, is wholly individual: we should hear more of his music.

The first performance of John Casken's *Amarantos*, a BBC commission for a more pastoral-sounding small ensemble of winds, strings, and percussion, revealed a carefully organised discourse in which freely lyrical elements are pitted against, and finally come to dominate, a strain of choppily rhythmic forcefulness. While the conception boasts no startling originality, it is cogently achieved, in sounds that balance pleasing euphony and disruptive harshness with impressive economy. The concert was recorded for future transmission.

THE MINING ASSOCIATION OF THE UNITED KINGDOM

A YEAR OF ENDEAVOUR WITHOUT ENCOURAGING RESULTS

Statement by Mr. A. M. Macleod-Smith

The thirty-third annual general meeting of The Mining Association of the United Kingdom was held in London on 13th December, 1978. In his speech to the members, the retiring President, Mr. A. M. Macleod-Smith, CMG, said:

As an association charged with responsibility for the promotion of the interests of our industry we are inevitably primarily concerned in making representations to various Departments of the United Kingdom Government or to foreign Governments. In the circumstances it is impossible to judge the year's progress except in terms of success or otherwise of such representations. By this criterion it cannot be pretended that 1978 has been an encouraging year. The evidence is as follows:—

The UK Domestic Scene — The much heralded Stevens Report, which it was hoped would result in reforms in the system of planning control that would remove at least some of the worst disincentives to mineral exploration and development, has turned out to be very little help. After taking three years to make its mind up about the Committee's recommendations, the Government has taken a depressingly negative line. For the most part suggestions that would have been helpful have been either turned down or indefinitely deferred on grounds of the need to curb public expense. The decision in principle that applications for planning permission for exploration should be considered on their merits and not subjected to examination of the implications of hypothetical development should the exploration be successful, is welcome, although this principle will be applied to Scotland only if the Assembly approves it. Apart from this and a helpful attitude by the Department of Industry on the very small area of the Committee's recommendations coming within their purview, there is no reason to suppose that the whole Stevens exercise will lead to any immediate significant increase in exploration activity. *We have already submitted our detailed comments on the* situation to the appropriate Departments.

Certain suggestions for fiscal changes, which would have equitably benefited the Industry without large cost to the Exchequer, but to the net benefit of the Balance of Payments, have not so far drawn any response.

A request for the restoration of Regional Development Grants, which were withdrawn from the Industry in 1976 and *which have hit some of our members very hard, has been* refused.

A strongly argued case to the Chancellor that the Industry should be relieved of the necessity to obtain Exchange Control authority for direct investment on mining projects overseas remains unanswered. However, we have some reason to think that the Government are not wholly unsympathetic to this proposal and we hope that, in conjunction with some other industries, we shall receive a measure of relief in due course. If this should materialise it would be most welcome as the present situation imposes on us a serious competitive disadvantage vis a vis our foreign rivals.

In his inaugural address the new President of the Institution of Mining and Metallurgy, Professor Robert Pryor, called for the evolution of an agreed long term mineral strategy for the United Kingdom. There is now an important groundswell amongst all interested parties in favour of this concept and practical steps to arrive at this objective are being planned. We are much in favour of this initiative and I am sure our members will be very ready to contribute to its achievement to the best of their ability.

The International Scene — Talks between the EEC, the Nine Member Governments and the European mining industry for the evolution of an international European investment guarantee system have continued. Statistics produced by the Group of European Mining Companies have shown an alarming *reduction in the level of exploration expenditure in the Less* Developed Countries. This unnatural concentration of exploration effort caused by political rather than scientific considerations cannot be to the advantage of Western Europe in general or of the UK in particular. It also has very serious economic implications for the poorer countries of the world. The Nine Member Governments now acknowledge the seriousness of the problem, but they have as yet shown little sign of being able to agree what should be done about it. It would come as a relief if signs of a real political will to deal adequately with the problem were to become more manifest. However, talks are still going on and we can only hope that in the end helpful measures will emerge.

Although it has been impossible in this statement to avoid expressing disappointment with the Government's attitude to the problems of the industry, it is a pleasure to record that we have throughout the year enjoyed an exceptionally pleasant and mutually helpful relationship with officials of the Department of Industry who manage to combine a duty to guard the public interest with an informed and sympathetic understanding of our problems.

We greatly regret the death during the year of Mr. Basil Heron who became a Member of Council in 1976. It is also with great regret that we have received the resignation of Mr. G. J. Mortimer, MBE, from the Council in consequence of his retirement from the position of Chief Executive of Consolidated Gold Fields. He has been a most distinguished Member of Council since 1970. His clear analytical mind and forthright expression of conclusions will be greatly missed.

In conclusion I would like to express my personal gratitude for the work performed on behalf of the Association by Members of Council and of the various specialist committees, to the Secretary, his staff and the staff of the Manpower and Careers Unit.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Thursday December 14 1978

Tokyo Round deadline

WITH ITS deadline fast approaching, the Tokyo Round of international trade negotiations has begun to gather much-needed momentum. Progress has been particularly rapid in recent days in the agricultural sector of the talks, always one of the most difficult areas of world trade bargaining. Last week-end, the U.S. and the European Commission agreed on a package of mutual farm trade concessions, which Mr. Robert Strauss, the U.S. Special Trade Negotiator, apparently believes he can sell to Congress. Yesterday, there were indications that Brussels and Washington have also succeeded in reaching a compromise on a new international wheat agreement—one of the key agricultural elements of the Tokyo Round, even if not formally part of it

Christmas

Despite considerable reservations on the part of France, the Commission is pressing ahead with negotiations on behalf of the Nine on all fronts in Geneva. Tomorrow was the deadline set for the conclusion of a package deal by the seven-nation world economic summit in Bonn last July. The date will not be met. But the Commission has every hope of reaching agreement with its main negotiating partners, the U.S. and Japan, by the end of the year, which in practice probably means before Christmas. If the schedule were allowed to slip much further time would start running uncomfortably short for Congressional ratification, given that the U.S. Trade Act expires in just over 12 months from now. If Congress does not ratify the outcome, the whole five-year-long process will have proved worse than useless.

The next key date will be December 19, when the Commission reports back to the EEC Council of Ministers on the results of its efforts in Geneva. As it will almost certainly tell Ministers that it has secured the best deal that can be hoped for, the reaction of the Council, and particularly that of France, will be crucial. On past experience, the French can be relied on to denounce the concessions proposed by the Commission and accuse its negotiators of going beyond their mandate. In any case, Paris has so far agreed, there can be no question of completing the negotiations until the U.S. has lifted the threat of trade warfare stemming from Congress's failure to prevent the imposition of new U.S. countervailing duties on subsidised imports in the New Year.

It must be hoped that the French Government will not, whether by accident or design, continue to endanger the Round's success. President Giscard d'Estaing must be fully aware of the potentially catastrophic consequences of a failure that would almost certainly lead to an outbreak of worldwide protectionism of 1930s proportions. Mr. Strauss has given the strongest possible assurances that, by hook or by crook, his Administration will ensure that a trade war will not be allowed to break out as a consequence of the countervailing duty problem. The Community must give him the benefit of the doubt. It is perfectly reasonable, as the other Community countries are prepared to accept, to make agreement on a December package conditional on the Administration keeping its word. Nobody will object to the French playing to their domestic audience, provided that they tacitly allow events to take their course.

Momentum

All the other major participants are now ready to settle. The Commission believes that the U.S. has just about reached the limit to the concessions it can offer if Congressional ratification is to be secured. Further delay could well be counter-productive and complicate the solution of the countervailing duty problem. Japanese negotiators have arrived in Geneva in force to conclude an agreement. A great deal more work remains to be done in the New Year. Any package agreed by the Big Three must still be sold to the other countries participating in the 99-nation talks. It will not be at all easy to convince the developing countries, in particular, that their interests have been taken into account—a task which the imminence of UNCTAD V makes particularly urgent. With so much still to be done, and so much at stake, it can only be hoped that the momentum generated over the past few days will not be lost.

The profits mystery

THE Bank of England's latest analysis of trends in profits elaborates its earlier researches in the field, and produces one conclusion which, if not entirely new, is a great deal firmer than before. Inflation and recession are not, it is clear, the only culprits, although they have been responsible for much of the recent drama. The trend of real profits as a share of total real income was well established as long ago as the mid-1950s. Until recently, this decline was roughly matched by a decline in the relative price of capital goods, so that investment and growth were not inhibited; but now, with low returns and rising relative costs, the outlook is much less encouraging.

It is one thing to establish such facts—though even the "facts" depend strongly on the chosen definition of "real" profits, as the Bank's survey shows—but it is a great deal harder to identify the causes, and correspondingly harder still to draw any policy conclusions. The Bank survey mentions three possible influences: the rising power of trade unions, the intensification of international competition, and a normal process of declining return when capital intensity increases. These appear to be well-established trends, and suggest that the long-term decline will continue.

However, there are other possible explanations. One is technological. It can be argued that in the past three decades the technologies essentially developed during the second world war have been pushed to their limits and widely disseminated. Oil-based chemicals, scale economies in process plants and transport equipment and discrete solid-state electronics are examples.

It is natural for a maturing technology to yield decreasing real returns and generate increasing competition; the problem is compounded when much development is based on the temporary abundance of an exhaustible resource like oil. If some such technical cycle is important, then a better trend may be established once oil-dependence is reduced and new technologies such as microprocessing and biological engineering become commercially important.

The factors so far listed help to account for a world-wide squeeze on profits: but in fact the decline in this country has been substantially sharper than the world average on any measure, as OECD studies have shown. The only factor mentioned in the Bank's survey which might be thought local is trade union pressure, but there are certainly other possibilities.

One to which the City might wish to draw attention is the effect of exchange controls. While these have not greatly inhibited UK investment overseas where this could be financed overseas, sterling profits earned in this country have broadly had to be reinvested here. This closing of alternatives has a natural tendency to depress the rate of return on investment relative to that overseas.

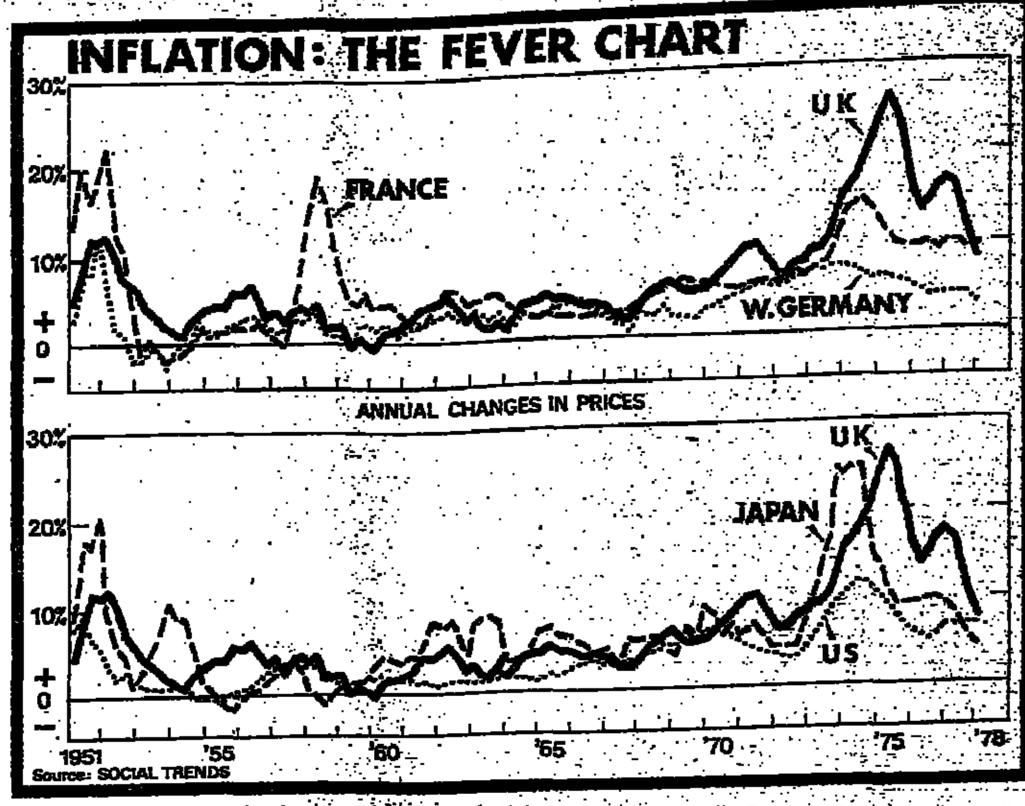
Furthermore, the effect of tax measures and grants designed to encourage investment can readily have the same effect. Where the greater part of the cost of a project can be met from tax relief and regional and other grants, the required rate of return naturally declines. It means that a company deciding whether to go ahead with a project must remember that if it refrains, a sum covering less than half its cost—and sometimes less than a fifth—will be made available for some other purpose, and that alternative sets the standard.

Subsidies

One or two policy conclusions seem to follow from this analysis. The prospective decline in real investment may well provoke the normal British response of inventing yet more subsidies for investment—a road which the U.S is also beginning to follow. This may or may not help output; it is more likely to depress than to raise the level of profitability. An economy in which low-return investment is dependent on State finance is unlikely to be dynamic. The danger of the Bank's research is that it will encourage solutions which make the problem worse.

Britons are well, happy and drink less than most

BY JOE ROGALY



UNLIKELY THOUGH it may seem, the British are well, and probably happy, and certainly as comfortable as most other people in Western Europe. This must be true, for the statistics say it is so. The latest issue of the annual *Social Trends** is so adamant about the matter that it even insists that we drink less than most others.

Take beer, for example. On page 128 of this yearly collection of Government statistics, it says that the West Germans, Belgians, Danes and Irish consume more than we do. When it comes to wine there is of course no contest—the French and Italians *alone take it seriously*—but it appears that only the Japanese among the 11 industrial nations listed, actually drink less of it than the British.

The same is true of spirits, and will probably remain so in spite of all the earnest efforts that will be made over the next week or so. The heavy spirit drinkers are the Americans and Swedes, who on average down more than twice as much per head as the British—but then we are second last, with only Japan, again, behind.

Perhaps this goes part of the way to explain why the number of fatal motor accidents, expressed as a rate per thousand population, is lower in Britain than in France, West Germany, the United States, or Sweden. Only the Japanese are now challenging this encouraging record, which Britain has held throughout the 1970's, according to a chart on page 195.

These figures on drink and fatal accidents are not the only ones that indicate that the British are better off than most of them seem to think they are. For this year *Social Trends* has done it again. It has come to cheer us with facts. In the midst of an increasingly gloomy winter, during which we face growing uncertainty about the rate of inflation, the course of business activity, labour relations, and the 1979 general election result, the Government Statistical Department has come forward to demolish a few more political myths and to point out, in its quiet numerical way, that things are not quite so bad as British political discourse often makes them seem.

'Overcrowded island'

The most important myth to be demolished this year is perhaps the one about "our overcrowded islands." On page 35 it shows quite clearly that the UK is rather more spacious than many of its inhabitants seem to think. We have 229 people per square kilometre—as against 247 in West Germany, 322 in Belgium and 338 in the Netherlands. The latter is even more than Japan's 306—which, in turn, is a far heavier density than we must put up with. It is true that France, maddeningly better off in so many other ways, scores a mere 97 on this scale (the U.S. is 23 and the USSR 12), but no one would claim that Britain is an *empty* country. It is just that it is somewhat better off than many other equivalent nations.

Part of the "overcrowded islands" myth usually contains a further myth about immigration. Turn over two pages and it is shown that in 1975—the latest year for which comparable statistics are available—the population fell, mainly as a result of a minus-1.6-per-thousand drop in the net migration rate. People have been leaving faster than they have been coming in, an experience shared by only Denmark and West Germany among the 11 leading Western nations listed. All the others, including the Irish, recorded an increase.

Oh yes, it will be said, but the foreigners have different *fertility rates to contend with.* It is true that the graph on page 36 shows Irish women still producing babies at twice the rate of the French, British, Americans and West Germans—and even much faster than the Italians. Yet France, Britain, the United States and even the increasingly barren West Germany all have fertility rates clustered between 1½ and 1¾ babies born to each woman.

Well then, the persistently awkward will continue, Britain's immigrants are overwhelmingly black. No so. Table 1.13 shows that in the average year just about *half the primary immigrants,* including those accepted after five years' residence, are from what is officially called "NCWP"—the British euphemism for "non-white." In fact they are not all non-white, since the initials stand for "New Commonwealth and Pakistan," which includes Cyprus and Malta. It is true that this may be confusing, but the explanations and tables on pages 38 to 42 provide so much information on the number of people leaving and entering the country that anyone who does not want clarity can find facts that, with just a little bending, will suit their case.

Again, in spite of all the undoubted *troubles of the* National Health Service, life expectancy at birth is still edging upwards. Between 1971 and 1975 the figure rose from 68.9 to 69.4 for men and 75.1 for 75.6 for women. There is no international comparison this time, but the new cumulative index, taking us back over all nine issues of the annual, is a reminder that a table published in 1976 showed England and Wales within a year or so of the dozen main industrial countries listed.

This time there is a comparison of *infant mortality rates,* which shows Britain ahead of Italy and West Germany, about equal to the U.S., and just behind France, Japan and Sweden. This rate, which in Italy was above 60 per 1,000 live births a quarter of a century ago, has been falling in all the countries listed. It is now down to around 20 for the Italians and West Germans, and well below that for the rest. The British rate seems to have been halved, to about 17, during that time. The maternal mortality rates for the same countries have declined even more dramatically, with Britain performing almost as well as the Swedes.

These international comparisons are of the best kind; an unusual palliative for those of us who are *accustomed* to reading the league tables and finding Britain at the bottom on every occasion. Even the charts on inflation show that the British experience of 1973-76, unsettling as it was, was not so different from what the French had to put up with in 1951 and again in 1958—and we had more to eat than they did. Although they were better able to cope with it, the Japanese line on the chart in 1973-75 was parallel to ours. The Italian line, which is well-known (and not reproduced above) is of course worse than ours.

Nobody measures their state of well-being entirely by reference to the state of others, however. Never mind, *Social Trends* provides 219 pages of tables and charts, most of them purely domestic, and nearly all of them bearing the message that the overwhelming majority of the British people are really pretty well off. Thanks to smoke control measures we have nearly twice as much winter sunshine in London as we had in 1945. Even in Manchester, the improvement is proportionately nearly as large.

If that sounds frivolous, take housing. The compendium tables remind us that the proportion of "physically unsatisfactory" dwellings fell from 17.9 per cent in 1971 to 10 per cent in 1976—and this on an apparently broad definition. It is true that black people still endure worse accommodation than whites (right here in Britain), and the need to remedy this is plain: but even in this case the proportion with a shared bath or shower, or none at all, is falling. It dropped from 30 per cent in 1971-72 to about 22 per cent in 1976-77. For whites the proportion fell from just above 10 per cent to around 7 per cent in the same period—and it is probable that many of those in this category are students or young single people living in digs.

At nearly no rent

The share of households with more than one person per room fell from 4.8 per cent in 1971 to 3.2 per cent in 1977, with the highest regional figure quoted—6.4 per cent—in Scotland. In fact if Scotland is treated as a special case (which, with their propensity to insist on rented accommodation at nearly no rent at all, it is) the housing picture seems even better. Thus for England and Wales alone the proportion of owner-occupiers now seems to be moving rapidly towards the 60 per cent mark, but for Scotland it is still 34 per cent.

Of course it would be absurd to maintain that every aspect of life in Britain is improving. For example, the crime statistics show a steady increase in the numbers of people found guilty of serious offences, and although these are among the least reliable of figures (they depend in part upon police fashions in defining who shall be arrested and for what) the long upward slope between 1956 and 1977 cannot be gainsaid. It is also undeniable that the steepest slope applies to young people, especially those aged 14-16. In their case the conviction and/or caution rate per thousand has risen from around 20 in 1956 to about 80 now.

The unemployment rate is still historically high and, worst of all, the long-term rate is of course rising with the rest so that we now have well over a quarter of million people who have been out of work for a year or longer. This accumulation of human dereliction that cannot be talked away by pointing at the relatively high rates of unemployment benefit or supplementary benefit: it is impossible to believe that people who have been out of work so long do not feel cast aside by the rest of society.

There are also sections in *Social Trends* devoted to special social groups: children in care, the elderly, non-white immigrants, the disabled and handicapped. Some of the news in these tables is distressing: the number of children in care of local authorities has risen from about 62,000 in 1961 to over 100,000 now (England and Wales). But some of it is of a *different kind:* the number of children aged under four in nursery schools rose from 200,000 to 492,000 in the same period.

As for the elderly, although they have rightly been given special attention over the past decade, the fact is that the effort is now showing through. Their real income is higher, and most services for them are now in more plentiful supply. For instance, home helps, when they are not on strike, are now attending twice as many cases as in 1966. The condition of life of the disabled and handicapped (their disabilities apart) is not recorded in *Social Trends* as having improved in the same way, and in their case there is still much catching up to do.

The overall effect of this large compendium of figures remains, however, suggestive of a rather better state of the nation than most commentaries indicate. Our politics may be in poor shape, and industrial relations may be fraying our nerves (on both sides of the line) almost beyond endurance. But the general condition of life is probably better than it ever has been and is certainly in line with that of other advanced industrial nations.

*Social Trends, HMSO £7.50.

U.K. INDEX OF RETAIL PRICES: PERCENTAGE RATES OF CHANGE

	Average annual rate of increase*					Weights
	1962-66	1966-71	1971-74	1974-77	1977-78	1978
General index:						
All items	3.4	5.2	9.3	19.9	9.9	1,000
Food	3.1	5.4	13.8	22.3	7.1	233
Alcoholic drink	4.4	4.9	3.1	20.2	8.8	85
Tobacco	4.8	2.8	0.9	24.5	15.3	48
Housing	5.5	5.8	11.1	15.5	6.6	113
Fuel and light	4.6	5.0	7.3	25.7	10.6	60
Durable household goods	1.4	4.6	6.2	16.2	11.6	64
Clothing and footwear	2.0	3.5	9.1	14.1	10.2	80
Transport and vehicles	2.2	5.3	7.4	21.4	11.1	140
Miscellaneous goods	2.6	6.5	6.4	20.8	12.7	70
Services	3.9	6.6	9.8	18.6	11.9	56
Meals bought and consumed outside home†		8.0	14.4	19.9	15.8	51
Pensioner households‡:						
All items excluding housing:						
One person households	3.3	5.4	10.3	21.0	10.3	
Two person households	3.4	5.3	10.4	21.0	9.4	

* Geometric means of January to January increases for General Index and quarter one to quarter one increases for pensioner indices. † Not separately identified until 1968. The first figure relates to the period 1968-71. ‡ Pensioner households are those in which at least three-quarters of the total income was derived from pensions and supplements to them.

Source: Department of Employment

MEN AND MATTERS

Wild West End

High drama on a third floor in Wimpole Street yesterday when the droll Labour backbencher and consultant surgeon John Cronin was aroused by intruders at 1.30 am. "Who's there?" he demanded. "Police," said a voice. Not being, Cronin tells me, a credulous sort of person, he loaded up his 12-bore and instructed his wife Cora to fling open the door—to reveal two policemen looking surprised.

"If somebody had walked into our bedroom with a gun or a knife I'd have shot immediately," says Cronin, 62, who evidently values his privacy. But the events of this year have been enough to make anyone a little jumpy, even Cronin, whose unashamed sense of fun has not always endeared him to the dourer sections of the party.

In the spring, when still a civilian member of the Household Cavalry, he was exercising a horse in Hyde Park which suddenly chose to make off through the rush hour down Park Lane and Bayswater Road before coming to its senses at the sight of Kensington Palace.

The summer brought a dismasting of Division Bell, the yacht he shares with several other MPs. October brought another small adventure in a game park in Kenya, where the Cronin car became embedded in sand, and he and his wife had to get out and walk: "She was a bit upset because we saw lion tracks going in the same direction," says Cronin. "It's been a funny year."

"It's a full time job trying to restore this one."

Fat and unhappy

December is presumably not the favourite month in the turkey calendar, but the males of this unfortunate species labour all the year round under a less obvious complaint.

Selective breeding has virtually doubled their natural growth-rate, so that they put on about a pound a week. With his broad chest the tom turkey graces any oven and is a joy to carve. But in his short life he has probably been deprived of the normal satisfactions of the libido.

Don Haxley, a senior vice-president of the British Veterinary Association, tells me that toms have become so heavy they are physically unable to tread the female, and, like bulls, are subjected to the undignified processes of artificial insemination. Even worse, according to one turkey farmer I spoke to: "The modern, overweight tom may be big and muscular, but he's very excitable and prone to heart attacks. We lose at least one every time the insemination team comes in."

"Yes," says Haxley, "even hens get heart attacks these days. You are producing *obesity, after all.*"

Concrete fleet

After exporting sand to the Saudis, Britain is now notching up a new first — canoes for the Africans. If that surprised me so did the fact that the canoes are made of ferro-cement. One, with its solid prow and ferro-cement bottom, has been cruising the gentle waters of the Hamble: "If you cannot stop the engine it becomes quite terrifying." I was told by MacAlister Elliott which has developed the *pirogue* for Guinea-Bissau fishermen.

Originally it was building two 20-ton transport vessels for local fishcatches from the rich waters off the West African coast. "Then the Minister of Fisheries came and told us he was desperate for craft."

MacAlister Elliott hopes it has discovered the answer to the country's lack of timber. If trials of the 9-metre canoe prove successful a construction yard will be set up in Guinea Bissau. "We hope the whole of West Africa could be interested," the company says, though it admits, as some Hamble yachtsmen would agree: "They would be good warcraft."

Blot on the image

Currency fluctuations bring all sorts of unexpected headaches for industry, as has been brought home in recent months to the Parker Pen Company. Parker pens emanating from the U.S. have been on sale in London street markets at prices as low as £1 each—half their usual price, and doing little for Parker's prestige UK image.

The reason is connected with the collapse of the dollar, which has suddenly created a profitable secondary market in Parker pens, and the company is particularly vulnerable because of its quite different sales approach in the U.S. According to company spokesman David Leeming, Parkers over there are only a "mid-market appeal product" and sell for around U.S.$3.

"Somewhere in the sixties certain marketing decision made which concentrated on the lower end of the market," he tells me. "The image of Parker declined."

Parallel problems have, says Leeming, afflicted a host of other products: "All branded international companies suffer from the bright businessman who can see when a currency is on the slide."

Party spirit

While Pierre Cardin announces grandiose plans for fashion shows in Peking, and popular demands for freedom mingle with long-suppressed crankiness on Democracy Wall, it is often the minor changes in Chinese life which startle Western correspondents—like once-surly waiters becoming mysteriously friendly and attentive to foreigners.

My colleague John Hoffman tells me that he was astonished, for example, to see two Chinese officials at a party thrown by foreign residents the other night, in itself something unheard of a year ago. He tells me the gathering was stunned into silence when one of the officials announced with nervous excitement: "Very soon we will introduce you to our wives."

Tailor—made

Elections seem to happen in Belgium as often as language disputes, and with yet another poll next Sunday weary citizens are once again being reminded that it is not only their right, but their legal obligation to vote. Failure to do so is punished by fines.

And if a Belgian consistently fails in his duty? "Very simple," comes an official reply which betrays the new Irish influence on Europe: "We exercise the ultimate sanction." Yes? "We take away his vote."

Observer

ECONOMIC VIEWPOINT

The age-old 'lump of labour' fallacy

AT ALMOST every conference I go to, some manager or City type who fancies himself a radical will come up to me and say: "Isn't the real problem to educate people for leisure? Once we bring to an end all this overmanning, there just won't be the jobs to go around!"

Such would-be fundamentalists are in fact expressing a fallacy almost as old as human history itself. It is a maddening fallacy; because if believed and acted upon, it could lead to a halt to all improvement and quite needlessly impoverish us all. But it is difficult to reply politely in a few words over coffee. Nor do I think politeness is called for in the face of so great a logical and moral absurdity.

The fallacy in question is known as the "lump of labour fallacy." It supposes that there is a fixed amount of work to be done; and if anything happens to enable that work to be done with fewer hands, or to increase the supply of labour, the result must be more unemployment or compulsory work-sharing. The fallacy rears its head when unions call for a shorter working week to combat unemployment, or when so-called experts look with alarm at the likely growth of the European labour force, wondering "where the jobs to employ it will come from."

The same kind of attitude is behind the recent alarms about the micro-chip computer, the desire to reduce retiring ages or push young people into more years' full time education, and much other nonsense besides. Such alarms have of course been expressed wherever any apparently labour-saving invention has appeared. Few people now remember the scare when the earliest types of automation appeared in the motor industry in the 1950s; but examples go back almost as far as human history itself—well beyond the Luddites who roamed about the country after the Napoleonic Wars, destroying machinery. In the 18th-century sheep were believed to be "eating up" jobs on the land. No doubt the same charge was levelled at the invention of the plough and the wheel itself.

Absurdity

Unfortunately, no amount of technical or professional training is proof against this type of thinking, unless there is a feeling for the outrageous absurdity of certain propositions. Even great economists have nodded here. Lord Keynes once advocated population control as a cure for unemployment; and other economists attributed the Depression of the 1930s to the satiation of human wants by technical progress.

If it really were true that all human wants were on the point of being satisfied, we would not be in a state of depression, but of economic bliss. If there were nothing on which people wanted to spend extra incomes, then technical progress would be enjoyed by workers in the form of reduced working hours, without loss of take-home pay; and this would happen quite voluntarily through normal bargaining.

It is possible in a flight of fancy to imagine a world where goods of all kinds are superabundant and the "work" required to produce them so little and so enjoyable that people were willing to "pay" (but in what?) to be allowed to work. But in that case we would be talking about hobbies (such as sitting on Royal Commissions) rather than jobs as we understand them today. A Bradford professor has predicted that within 30 years only 10 per cent of the British work force will be required to produce all our material needs. This would be economic paradise not disaster. But unfortunately one must reply "No such luck." The scarcity of goods relative to wants is not that easily conquered.

If satiation were really here, few people would be interested in winning the football pools; and they might well continue to work in their chosen occupations regardless of reward. We are a very long way from such a state of affairs. Satiation of wants—even in Western industrialised countries, let alone in the poorer Third World—does not pass muster as an explanation of present-day unemployment.

There are roughly three approaches to unemployment. It can be regarded as due to deficient demand — in other words a sufficient injection of spending power would ease the problem. It can be attributed to labour market defects. For example, real wages are not at market clearing levels, and therefore there are surpluses of some kinds of workers together with shortages of others. Thirdly the problem can be regarded as in part deceptive, as the statistics give a misleading guide to the number of people actually available for work in specific instances; and it is well known that these are people who would lose financially from taking a job.

These three explanations can be contrasted, combined, refined and so on. But under no permutation of them does it make sense quite deliberately to impoverish ourselves by stopping innovation or reducing our productive capacity by forcing people to be idle, when they would prefer to work at a wage which reflects the value of their product.

WORKING HOURS IN EEC COUNTRIES
(per cent of male employees, 1975)

Hours worked	Belgium	Dnmk.	France	Germany	Ireland	Italy	Netherland	UK
Under 40 ...	8.3	11.6	16.6	5.2	12.7	12.5	20.2	17.7
40-41	76.0	67.5	29.2	67.9	53.5	50.0	53.8	40.8
42-44	5.2	6.2	14.9	9.1	7.1	17.5	9.3	10.0
Over 44	10.5	14.7	39.3	17.8	26.4	20.0	16.7	31.6

Source: Income Data Services, International Department

What needs to be said is that there should be a natural tendency to full employment in any country with a reasonably well-developed stock of capital. If a machine can do the work that ten men or 10,000 men did previously, the machine itself has to be produced. If it is a genuine economic improvement, there should still be a saving of workers allowing for this. But this means that the product can be that much cheaper; and there will be more purchasing power left over to buy other goods. Even in the ogrish version of the story, where the benefit from the cost saving all goes in higher profits, the corporate sector will have more to spend or to invest.

More than a century ago John Stuart Mill explained why there could not be a persistent "general glut of all commodities." The amendment made by Keynes was to say that there *need* not be a general glut, as any excessive private sector savings could if necessary be matched by state dissaving in the form of Budget deficits. The point is that, whether regulated automatically à la Mill, or by financial policy à la Keynes, effective demand should be sufficient to prevent a general glut.

The various work-sharing gimmicks such as reduced hours, or early retirement would, if successful, increase the demand for labour. But if the demand for labour is already as high as is consistent with a non-accelerating rate of inflation, then any further increase will be explosive and self-defeating. If, on the other hand, it is safe to increase the demand for labour, then why not do so directly by expansionary monetary and fiscal policies rather than by wasteful work-sharing methods?

Moreover—and this is where we come to the present day practical point—to the extent that labour market frictions, monopolistic wage setting, or union wage push, makes it impossible to have full employment, work-sharing would not remove any of these obstacles. Indeed if the working week were reduced to 20 hours for everyone next year, there might well be no reduction in the number of unemployed and possibly even an increase.

We can use as our starting point a Department of Employment analysis, published in the D. E. Gazette of April 1978 of the effects of reducing workers' hours to 35 or 38 per week. (At present, official working hours average just under 40 for manual men, but overtime brings this up to nearly 46.)

If the official working week is reduced, there could be four types of physical impact on an individual establishment. More overtime might be worked; output per man hour might rise; employment might increase; and to the extent that these expedients were insufficient, total output would fall. The official calculations show a total initial fall in registered unemployment resulting from the adoption of a 35-hour week ranging from 100,000 to 480,000 depending on the precise combination of these four effects. A net saving of government expenditure of £650m to £950m is also indicated because of higher tax revenue and reduced unemployment benefit.

Two comments should be made. The first is that in none of the four alternative cases considered is more than 10 per cent of the potential output lost by a cut in official hours actually foregone. It is assumed that overtime, recruitment and productivity will make up the remainder. This seems optimistic. As the DE admits in the same article, the high overall unemployment figures conceal a good many shortages of specific kinds (and also geographical areas of labour shortage); and it may simply not be possible to obtain the extra workers to make up for lost overtime. Moreover any shortages of components or materials thereby created will have a multiplier effect on customer companies or on the import bill.

Secondly, and more important, such a reduction in hours would increase labour costs, in the DE's example by between 6 and 8½ per cent. (The DE assumes that increased output per hour would offset between 20 and 40 per cent of the potential loss of output.) The official authors then spoil their own case by arguing as if the exchange rate were immutable and stating that the deterioration in the British competitive position would increase unemployment in the longer term, thus offsetting the initial gain. This then leads the Department to the misleading conclusion that an internationally agreed reduction in hours would not be so bad after all.

Money costs

The mistake of the authors, which is also made in the National Institute Review of November and in most official propaganda in favour of wage restraint, is to concentrate on money rather than real wages. Exchange rate depreciation can and often does—*pace* Mr. Healey—offset increases in money costs. The true question is different. A 6 to 8 per cent increase in labour costs will sooner or later lead to a comparable increase in prices, both through higher prices of British goods and through the effects of depreciation on import prices. This will mean reduced real wages per man year. If workers are not prepared to accept this real wage reduction, then there will either be an uncontrolled spiral of inflation and depreciation; or if the money supply is regulated to prevent this, workers will directly price themselves out of jobs. Thus increased employment will result from any cut in hours only if workers are prepared to accept a corresponding real pay cut.

What this boils down to is: either the reduction in working hours is a charade resulting in increased overtime; or it is offset by increased productivity; or there is a reduction in real wages. In the first case the hours reduction is pointless or damaging; in the second case, employers could reduce hours without any cost or official prodding. In the third case, the question arises: If workers are prepared to accept lower real wages in exchange for lower unemployment, would it not be better for them to do so directly rather than through the indirect and wasteful route of a compulsory reduction in hours, which magnifies earnings loss?

Of course it would be pleasant to move to a society with more leisure and where some sacrifice was made in take-home pay to make work more interesting or satisfying. But this should be in response to people's free choice in the use they wish to make of a rising productive potential; and not through throwing that potential away. A political and economic system which *forces* people not to work, when there are unsatisfied needs which their production could supply, does not deserve to survive.

Samuel Brittan

Letters to the Editor

Tomorrow's products

From Mr. A. Smallhorn.

Sir,—Mr. S. B. Marsh (December 11) is correct in his assessment of the danger of concentrating on known and useful tasks in his letter about aid for the development of micro electronics. (He is rather unfair in discounting the pocket calculator as useless — may one ask what he has done with his slide rule?)

Far more serious is the continued barrage of rubbish from Governments, their advisers and some industrialists about the need for job creation in new technologies. Overall these will look after themselves. There is a distinct lack of understanding of the use of ideas to create jobs in "traditional" industries, yet according to recent statistics our balance of payments last year were £3bn to our credit for machinery and transport equipment while the electronics industry contributed £739m. Tomorrow's equivalent of the pocket calculator may well replace jobs lost in traditional areas, but why do we accept a tacit agreement of the decline of traditional industry?

Since 1945 the British have witnessed the destruction of their motor cycle industry and are witnessing the annihilation of their volume car and machine tooled industries. Yet we are witnessing the revival of our rail transport industry due to technical excellence and creative engineering. There are many reasons for this including a general inability to accept and finance change. Mechanical engineering innovation and its allied production engineering are as good in the UK as elsewhere; look around and you will see it stifled. Try to raise money and you will see why. Try to find young engineers and you will see why.

Far too little attention is being paid to creation of tomorrow's products in traditional industries where the majority work. Unfortunately it is too easy to climb on the band-wagon of innovation in industries employing few people and whose technologies fewer understand.

Anthony Smallhorn,
Wrayfield House, Stotfold, Hitchin, Hertfordshire.

Consumers and the EEC

From the Director, The Retail Consortium.

Sir, — I would like to refute the singularly ill-informed letter entitled "Consumers and the EEC" which Roger Besom wrote on behalf of the Association of Scientific, Technical and Managerial Staffs on December 12.

First of all, let me assure you that consumer organisations are quite able to represent their own interests in Brussels without the need to call on the assistance of retailers. Those familiar with the Brussels political scene will know that the consumer lobby is generally accepted as both powerful and effective.

Far from seeking to end large sections of the textile trade, retailers are engaged in discussions with manufacturers in the forum of the joint textile committee (and acting on the initiative of a retailer) to assist UK manufacturers to take up opportunities for import substitution created by the renegotiated multi-fibre arrangement.

It is true that retailers are dissatified with the MFA, which imposes quantitative restrictions on textile imports from low-cost producers. Alternative capacity in other developing countries is not available or is unsuitable for the UK market; this has created a suppliers' market and prices have risen. The retailer, in order to keep the price to the consumer as low as possible has absorbed much of the price increase which has been caused, and it may be that retailers will not be able, as in the past to subsidise higher-priced UK production by price-averaging.

Let me assure you that the Retail Consortium is a trade association formed to present the views of retailers to Government and composed of constituent trade associations. It is a non-profit-making organisation.

Richard Weir.
The Retail Consortium, 19, Buckingham Gate, SW1.

Indexing patents

From Mr. R. Chandler

Sir,—While British patent searching is not the main activity of this company, we certainly use the classification system to gain information on specific trends. We used to use only the classification but now find it necessary to examine individually each of the 500-900 patents published each week, simply because the index is no guide to their contents.

In carrying out patent searches we rely more and more on abstract journals and books. With proper classification and indexing the British patent series could be a useful source of export earnings. The Patent Office has always given the excuse that the indexing system is mainly intended to help examiners to search for novelty but with so many invalid granted patents this cannot be true any longer.

Could we suggest that the Patent Office is following the general civil service trend to consider that departments exist mainly to pay staff salaries and wages and that service to the public who foot the bill is very secondary?

R. H. Chandler.
P.O. Box 55, Braintree, Essex.

Classification practices

From Mr. R. Price

Sir,—I share Mr. Arnot's concern (Dec. 6) about the classification practices used by the Patent Office. A public body sealing 35,000 patents a year and receiving fees of £15m per annum should be able to maintain an effective classification system.

It has in the past used a number of different methods to do this, none of which meets industries' needs for the efficient and reliable retrieval of technical information. As one example, the classification records on X-ray tomography show that EMI has only one patent on this subject, despite a large R and D effort by this company covering half a decade. The new classification schemes are of dubious merit. I wonder at the advisability of grouping together such diverse topics as video tape cassettes, towel dispensers and typewriter ribbon feeds.

The computer generation of this information is also far from satisfactory; such systems should provide efficiency with low cost. The new classification schemes are introduced without the necessary computer back-up. The delay at present is nine months. The cost of this service can exceed the charge made by the U.S. Patent Office for its entire collection of classified documents. The American service spans one hundred years, not the thirteen years the British Office often provides.

Having waited so long for a revision of the Patent Office's rules, we are one of the last countries in Western Europe to adopt early publication, one would have expected them to incorporate the best features of other countries' systems. The information provided in some areas has decreased rather than increased under these rules. Sweden, for example, provides twice as much information for pending applications as is now given in the UK.

The Patent Office has lost sight of its function as disseminator of technical information and has never recognised the public's right to this information. It protects itself with the broadest of disclaimers concerning the accuracy of the limited information it does provide. The time for reform is long overdue and a measure of public accountability is now required.

R. B. Price,
28, Holland Avenue, Sutton, Surrey.

Corporate plans laid bare

From the Managing Director, Public Affairs, British Shipbuilders

Sir,—You published (December 8) in some detail substantial parts of British Shipbuilders' corporate plan which is still in draft and upon which we are in consultation with the trade unions. It has not yet been put before the Secretary of State for Industry as required by Parliament and thus no decision has been taken as to publication.

While this leak doubtless demonstrates commendable journalistic enterprise, it raises a fundamental point since our document contains much that is commercially sensitive and will no doubt be read closely by our industrial rivals, notably those in the Far East.

Will FT readers see the corporate plan of these shipbuilding nations laid bare and in as much detail as ours has been disclosed?

And furthermore, can we have the assurance of the Editor of the FT that the same journalistic energy will be applied to disclosing the corporate plans of private enterprise—with similar international competition—like ICI, GEC, etc?

K. D. McDowall.
243, Knightsbridge, SW7.

No comment needed! Editor.

Pension fund ostriches

From the Chairman, Pensions Research Accountants Group.

Sir,—It is a pity that Lex (December 11) has chosen to pontificate in a sensational way about accounting for pension funds. The truth is that most medium and large funds employ professional staff to prepare quite detailed annual reports and accounts. It is normal for a summary to appear in the house newspaper and for the full version to be available to any member on request.

While being under no obligation to do so, an increasing number of funds will give their reports to the Press but this trend will not be encouraged by attacks such as that by Lex.

Lex attacks the National Association of Pension Funds, but does not mention that it encourages its members to deposit fund accounts at Croydon, and advises funds not to embargo these from the Press. NAPF can, no doubt, answer for itself but I would pay tribute to that organisation for its invaluable assistance in distributing the discussion document "Financial reports for pension funds" prepared by the group of which I am chairman. That over 4,000 copies have been sold suggests a keen interest in the development of reporting standards for pension funds. Although there are some technical obstacles which need to be overcome, possibly along the lines suggested in our report, our evidence is that managements are quite willing to make information available if it can be made meaningful to the lay reader—which is not always easy.

Lex's call for "appropriate information," including a breakdown of the investment portfolio is entirely consistent with the recommendations in PRAG's discussion document, but it must be understood that this is in the nature of "stewardship" reporting and provides no measure of a fund's investment performance. Our group is now studying this area in detail and we hope to come up with suggestions for investment reports which are meaningful to members (and the public) without leaving the investment manager exposed to ill-informed comments from the Press.

It is beyond dispute that there is work to be done in the field of pension fund reporting and it was a recognition of the fact that led to the formation of PRAG more than two years ago. It is unfortunate that Lex is either unaware or unwilling to admit, that considerable progress is now being made—perhaps there are more heads in the sand!

J. M. Young
PO Box 20, Cleckheaton, W. Yorks.

Skim milk powder

From Mr. W. Cave

Sir,—Christopher Parkes' interesting article on the EEC skim milk powder surplus (December 7) may perhaps mislead some readers by omitting to make the point that drying into powder form is a relatively new way of dealing with this by-product.

For more than 50 years Denmark has disposed of its skim milk economically and profitably by feeding it to pigs raw, without any expensive treatments whatsoever. I, like many other British pig producers, used to purchase large quantities of raw skim milk for pig feeding until we joined the Common Market when the price of milk powder was raised so high that it was more profitable for the butter-makers to dry the skim and sell the powder into intervention than it was to sell the raw skim milk for pig feed.

The Intervention Board has devised a scheme for selling the milk powder for livestock feed at a subsidised price but the rules and conditions are extremely complex and costly. I visited the Intervention Board at Reading to obtain official guidance on filling-in the forms to become a registered buyer and after three months I have still not heard whether my application has been accepted.

The basic concept of a Common Agricultural Policy is quite admirable but the more I see of the way it is operated the closer it resembles organised lunacy.

W. E. Cave.
Lower House Farm, Everleigh, Marlborough, Wiltshire

Trans-Kalahari railway

From Mr. R. Bostock

Sir,—On my return from abroad, John Stewart's article entitled "Putting Namibia on the right track" (December 6), was drawn to my attention. I was interested to note that our company was mentioned in connection with the Trans-Kalahari railway project.

I would, however, like to make it very clear that the team which Maxwell Stamp Associates would lead on any such study would have no South African connections of any nature whatsoever. It would be an entirely British consortium.

R. M. Bostock.
Maxwell Stamp Associates, 55-63, Goswell Road, EC1.

Today's Events

GENERAL

EEC and Association of South East Asian Nations (ASEAN) start two-day talks on co-operation agreement, Brussels.

Mr. Roy Jenkins, European Commission President, talks with President Carter in Washington on progress in Tokyo Round trade talks

Financial Times' two-day conference opens on inflation accounting—the planned standard, at London Hilton.

Two-day Anglo-Spanish meeting on future of Gibraltar starts in Madrid.

EEC Monetary Committee meets to discuss progress of European Monetary System

Economic Ministers from the five ASEAN countries start five-day meeting in Kuala Lumpur to discuss trade with other economic groups.

Canadian Ministers from the Provinces and Ottawa meet to consider constitutional reform.

The Queen opens Coutts and Co. new headquarters in the Strand, London.

OFFICIAL STATISTICS

Balance of payments current account and overseas trade figures (November). UK banks' assets and liabilities and the money stock (mid-November). London dollar and sterling certificates of deposit (mid-November).

PARLIAMENTARY BUSINESS

House of Commons: Motions on the Rate Support Grant Orders, on the Social Security (Contributions) (Mariners) Amendment Regulations and on the St. Lucia Termination of Association Order.

House of Lords: (at 11 am) Consolidated Fund Bill, all stages. Conservation of Wild Creatures and Wild Plants (Amendment) Bill, second reading. Motions to approve St. Lucia Termination of Association Order, Shops (Northern Ireland) Order 1978, Appropriation (No. 4) (Northern Ireland) (Emergency Provisions) Act 1978 (Continuance) (No. 2) Order 1978, and Social Security (Contributions) (Mariners) Amendment Regulations 1978. Public Health Service Laboratory Service Bill, committee. House adjourns for Christmas recess.

COMPANY RESULTS

Final dividends: Associated Engineering, Bass Charrington, Burco Dean, ICL, Lloyds and Scottish, Marley, MEPC. Interim dividends: Distillers Company, Dom Holdings, Pheonix Timber Company, Saint Piran, United Gas Industries, Wilkinson Match. Interim figures: Ferranti, Mitchell Somers.

COMPANY MEETINGS

See Company News on page 26.

CompAir lower at £11m —current demand strong

COUNTER to expectations at midway, ther was a further decline in taxable profit at CompAir in the second half from £6.36m to £5.61m leaving the total for the year to October 1, 1978, down £0.89m at £11.32m. The results this tiem include a £0.4m contribution for 28 weeks from aWtts Fluid Power, acquired in March.

In the face of subdued world demand sales by th ecompany, which produced air compressors, pneumatic tools, etc., were 13.5 per cent ahead at £147.85m. However this performance was not reflected in profit due to conditions in two important markets and to movements in exchange rates, the directors say.

Economic problems in France and Nigeria le dto reductions in profit contributions, totalling some £2m. The adverse effect of currency changes is estimated at £0.5m.

The impact of these factors on the final outcome was partially offset by the sound trading achievements of the majority of group companies, the directors add.

Demand for the group's industrial products remains strong in the current year and, with signs of recovery in France, market conditions offer some scope for progress. On the construction equipment side the immediate outlook is unsettled due to the aftermath of the Ford strike and the situation in Iran, the directors say.

Earnings per 25p share, after tax of £5.39m (£5.59m), were 11.62p (13.47p) basic and 11.07p *(12.6p) fully* diluted. The net total dividend is stepped up to a maximum permitted 4.0369p (3.6221p) by a final of 2.3869p.

The tax charge was relieved by exceptional prior year adjustments amounting to £150,000 (£400,000) and, as is the company's usual practice, exchange losses of £2.03m (£1.81m), princi*pally on overseas net assets, were* transferred direct to reserves.

There was an extraordinary debit this time of £417,000 comprising an after tax loss on sale of a 40 per cent interest in the Ghanaian subsidiary company and provision for a loss on disposal of a further 20 per cent interest in the Nigerian subsidiary which will be completed before December 31, 1978.

	1977-78 £000	1976-77 £000
Sales	147,846	129,782
Interest	3,039	3,143
Depreciation	2,967	2,647
Pre-tax profit	11,323	12,216
Tax	5,386	5,588
Net profit	5,937	6,628
Minorities	162	378
Extraord. debit	417	—
Attributable	5,358	6,250
Retained	3,252	4,547

• comment

The inclusion of a first-time pre-tax contribution of £0.4m from the Watts Fluid Power acquisition failed to prevent **CompAir's** first annual profit downturn since the merger in 1968. *Pre-tax profits are down 7.3 per cent but strip*ping out Watts, the result is 10.6 per cent lower. The major problems were in France, Nigeria and exchange fluctuations. Climax France, the valve and cylinder subsidiary just about broke even in the period but CompAir France, the compressor distributor, had both its margins and sales volume hit by sluggish economic growth. But the biggest setback was in Nigeria where profits dropped by more than £1m. The company relies on Government related contracts for the bulk of sales, and these were heavily pruned back during the period. *Operations elsewhere were* buoyant, particularly in Australia and Continental Europe (France excluded). *Prospects for the* current year depend on a recovery *in France and Nigeria.* Also clouding the picture is the Ford strike given that they are a major supplier plus the unsettled situation in Iran which is a significant sales area. The shares at 84p are on a yield of 7.4 per cent and a p/e of 7.4.

HIGHLIGHTS

Associated Biscuit has come up with a £10m rights issue to finance the purchase of Smiths Foods from U.S. group General Mills. **Guthrie Corporation** has rarely had such a poor half-year report, but the group is forecasting a second-half recovery to take the year's profits close to those of last year—£19.6m. Lex also looks at the Bank of England's latest quarterly bulletin, which examines the long-term trends in company profits. **Caravans'** second-half decline was forecast, and the shares held firm in the face of a 28 per cent fall in full-year profits. **Bulmer's** profits have recovered and **Shaw Carpets** has turned in some impressive figures. **LRC** reports some improvement over a poor comparable period and **CompAir's** profits are down despite the first time inclusion of Watts. **Whessoe** is emerging from the problems of the tanker market reasonably well and **Serck's** profits are 45 per cent lower, reflecting the depressed state of demand.

Dubilier passes £1m with 34% advance

THE £1m profit mark has been reached by **Dubilier**, maker of components for the electronics industry. In the year ended October 1, 1978, profit advanced 34 per cent to £1.11m, from sales 18 per cent higher at £10.19m.

Steady progress has been made on the domestic front, and this has been complemented by a substantial increase in exports with overseas sales showing an upsurge of 43 per cent to *£1.29m.*

Capital investment in the year amounted to £834,687. This high level is to continue in order to increase capacity for existing products and develop new products for home and overseas markets.

Based on a full tax charge, earnings are shown at 2.11p, against 1.64p, per 5p share. The final dividend is 0.5708p to lift the net total from 0.988p to 1.1032p.

The actual tax charge for the year is £3,759 (£140,252). This leaves the net profit at £1,105,043 (£686,083).

Braithwaite declines to £317,500

SLOWER SETTLEMENT of contracts and delay in shipments because of exchange and financial restrictions in some overseas *markets* depressed the first-half results of **Braithwaite and Co. Engineers.**

The bridge and constructional *engineering group turned in pre-*tax profits down by £146,832 to £317,549 in the half year to September 30, 1978, on turnover also down at £5.03m, against £5.09m.

The directors anticipate that profits in the second half will be similar to those at midway. Profitability, they add, has been depressed by the world *major re*cession in major construction projects which shows no improvement.

For the whole of last year the group made pre-tax profits of £1.02m, against a record £2.03m the previous year.

The Board says the initial problems in Plastic Recycling, acquired in April this year, are being overcome and the company is making progress. Substantial capital spending has been sanctioned for the company.

The interim dividend is raised from 1.98p net to 2.211p and *earnings per share are shown down* from 8.1p to 5.5p. Dividends for last year totalled 4.296p.

Tax takes £165,000, against £241,000, and attributable profit is down from £219,444 to £148,612.

Carlton disposal holds LMS to £3.5m so far

AS FORESHADOWED in September, reflecting the initial effect of its Carlton Industries disposal, *pre-tax profits of London Merchant* Securities were lower at £3.46m for the six months to September 30, 1978, compared with £4.04m, on turnover of £24.1m against £44.74m.

The directors point out profits are not comparable as 1978 figures include only the Carlton profit for three months, amounting to £3.67m (£5.45m for six *months*).

Group profits for the full year will include Carlton's contribution for only nine months, following Carlton's change of year-end to December 31 after it became a subsidiary of Hawker Siddeley.

For all the previous year, group pre-tax profits reached a peak £9.48m.

The *half-year pre-tax result* included an increased surplus from property and other interests of £1.75m (£1.47m), and was struck after interest down from £2.88m to £1.96m.

Distributable profits for the half year emerged ahead from £487,000 to £604,000 and with increasing benefits from the substantial liquidity produced by the *sale of Carlton shares and con*tinuing growth in income from the property investment portfolio, this trend is expected to accelerate in the second half.

In consequence of the reduction in the group's equity holding in Carlton from 78.9 per cent to 27.2 per cent, there was an extraordinary charge of £1.15m in the half-year results.

Stated earnings, before extraordinary items, are shown as 1.64p *(adjusted 1.78p) per* 25p share. The interim dividend is effectively lifted from 0.239525p to 0.335p net, costing £394,303, and the maximum permitted final is forecast—the 1977-78 final was an equivalent 0.5837p.

• comment

London Merchant Securities' first half figures reflect the major metamorphosis the group is undergoing following the cut in its stake in Carlton Industries from 78.9 per cent to 27.2 per cent in June. Short term borrowings have been cut by £12m and a *further £10m is on deposit* pending a decision on a final investment home. This could be the group's Angel office complex or in North Sea oil exploration via LMS's interest in Century Power and Light. A third possibility is that the cash could be used to seek earnings to replace the £1.2m *profit foregone* in the first half as a result of Carlton share sale. In the current year the prospect is for a final pre-tax result much lower than 1977/78 but a higher figure available for distribution to LMS shareholders. The dividend will be increased by the maximum allowed which with the shares at 67p gives a prospective yield of *1.9 per cent.* With the reorganisation still in its early days the shares are not particularly attractive at current levels and will require evidence of solid earnings and an improved yield before they warrant a major review.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Baggeridge Brick	2.61	Feb. 7	2.33	2.61	2.33
Braithwaite int.	2.21	Jan. 11	1.98	—	4.3
H. P. Bulmer int.	2.48	Feb. 12	2.2	—‡	6.6
H. P. Bulmer 2nd int.	2.48	April 6	2.2	—‡	6.6
Caravans Intl.	2.96	April 2	2.62	5.16	4.62
Chemring	0.67	—	0.59	1.44	1.29
Compair	2.39	March 2	2.12	4.04	3.62
Deritend Stamping int	3.3	Feb. 26	3.3	—	9.97
Dubilier	0.57	Feb. 1	0.5	1.1	0.99
G. M. Firth int.	1.5	April	Nil	—	2.5
Guthrie int	6	April 4	6	—	15
KCA Intl. int.	0.3	Dec. 29	0.1	—	0.1
Arthur Lee	1.1	Feb. 23	1.05	1.54	1.45
Ldn. Merchant Secs. int.	0.34	Feb. 10	0.24*	—	0.82*
Moorgate Inv. int.	1.75	Jan. 15	1.5	—	3.82
LRC Intl. int.	0.7	April 2	0.7	—	2.23
Serck	4.33	Feb. 9	3.94	6.53	5.94
Warnford Inv. int.	3.27	April 24	2.58	—	6.95
Russell Bros. ¶int.	1.25	Feb. 7	1	—	4.28
Saatchi & Saatchi	2.74	—	1.61*	4.79*	3.11*
Shaw Carpets int.	1	Jan. 31	Nil	—§	2.51
Trans-Oceanic Trust	4	Feb. 9	3.5	5.5	5
Wearra Grp.	1.01	Feb. 23	0.9	1.46	1.31
Whessoe	3.17	Jan. 27	2.82	5.14	4.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 2.479p final forecast. § Not less than 2.5138p forecast. ¶ Increased to reduce disparity.

Caravans down after second half shortfall

A DOWNTURN in second-half pre-tax profits from £2.8m to £1.63m at Caravans International left the full-year figure to August 31, 1978, lower at £2.71m, compared with last year's peak £3.76m. Sales rose from £61.71m to £64.85m.

When reporting midway profits higher at £1.09m (£0.97m) the directors forecast that second-half profits, while exceeding those then announced, would fall well short of the previous year's record second six months.

The directors state that retail sales of new touring caravans throughout Western Europe generally appear to be on the increase, but conditions are still difficult in the touring market due to finished stocks.

In view of these high opening stocks, particular attention is being paid to winter production to achieve the correct balance and the directors say it is likely that results for the first six months of the current year will be lower than last year's corresponding period.

They expect the company's static holiday caravan business to have a better year, while the South African companies are also looking *forward* to increased profits and they are now more confident of prospects for touring caravans.

However, the directors do not feel able to give a firm indication, at this stage, of likely profits for the full year.

Earnings per 20p share are shown *down* at 13.22p (28.98p) on a net basis, and 15.77p (28.98p) on a nil basis. A final dividend of 2.958p net, lifts the total payment from 4.62p to 5.158p.

On a fully diluted basis, the options subsisting to employees under the CI employee share scheme would not dilute earnings per share by more than 5 per cent, the directors point out.

Profits were struck after tax of £1.41m (£1.34m) including an overseas charge of £1.14m *(£1.35m), and minorities, £208,100* £25,800). There was a reduction in sterling book value of overseas net assets arising from exchange conversion at closing rates, amounting to £155,800 (£271,300 increase).

Results include a share of associates' profits of £149,800 (£183,400) less losses, and tax of £72,200 (£77,400).

• comment

The sharp dip in second half profits at Caravans International is not unexpected and the overall result—*profits 28 per cent lower* for the year—is better than some outside estimates. The basic problem is that the export market went into reverse, partly reflecting the stronger pound. In Caravans' case UK exports fell by a fifth to £8½m and this was probably not as bad as the sector average. Actual UK demand was not disappointing but the failure of the export markets was putting increased competitive pressure on home sales and ultimately margins suffered. Elsewhere Caravans' operations in Germany were facing the same sort of problems and only South Africa showed any growth—judging by the minority charges profits there could be around £1m against £63,000 in the previous year. Caravans has cut its workforce and trimmed back UK production to compensate for the heavy stocks at the retail end. The first half figures might still be weak but the hope is that the second half will make up for the shortfall. Full year profits might reach £3m, so the shares look firmly based with a historic p/e of 5.2 and yield of 11.3 per cent (covered 2.6 times) at 71p. There might be some weakness with the next set of figures but the yield should limit the downside risk.

Deritend sees satisfactory performance despite downturn

ALTHOUGH first half profits of **Deritend Stamping** *have declined* by £166,500 to £663,000, the directors express the view that the group's performance level as a whole will continue satisfactorily.

Their optimism is based on the fact the group's interests are fairly widespread, and not dependent solely on one particular field of industry. Profits in the 1977-78 year were £1.79m, against £1.22m and £1.34m in the two preceding years.

The directors explain that in the half year some of the constituent companies were affected by the industrial disturbances with which many customers had to contend. Therefore, the envisaged target for the half year did not materialise.

In the half year sales rose by £2m to £15.06m. Tax takes £344,760 (£431,340) to leave the net profit at £318,240, compared with £398,160. The directors are considering recent accounting standard on deferred tax and expect to follow it when presenting the year's results. Earnings are shown at 9.05p (13.16p). The interim dividend is held at 3.3p per 50p share—the previous year's final was 6.67p.

The group is engaged in forgings, castings, and electrical installations and repairs. The directors are continually seeking geographical acquisitions which will further strengthen some of the divisions.

LRC International slips back at midway on increased sales

ON SALES ahead from £46.66m to £48.38m in the first half to September 30, 1978, pre-tax profit of **LRC International**, the health care and household products group, fell from £4.13m to £3.32m. Pre-tax profit for the whole of last year totalled £6.67m.

Trading profit for the previous half-year included about £500,000 for the results of Pharmax which has since been sold, and LRC India, previously 51 per cent owned, where the shareholding has been reduced to 40 per cent.

D.E.P.E.X. and Fraga continued to make losses of about £370,000, against £177,000, in the first half.

Because of the losses and the *resulting* insolvency of these companies they were put into compulsory liquidation in October.

On present information, an extraordinary item will be provided in the consolidated accounts at March 31, 1979, of about £800,000 after tax relief, mainly to cover the cost of meeting bank guarantees.

The directors report that *trading conditions in the UK* were not so good in the first quarter of the year, but showed improvement in the second and this is continuing. The European activities and Schmid Laboratories in the U.S. continue to perform well.

The net interim dividend is maintained at 0.698p per 10p share. Last year's total was 2.228p. The cost of the interim goes up from £620,000 to £624,000.

• comment

LRC International's interim figures show some improvement over the very poor 1977/78 second half, but are otherwise disappointing, considering the Board's earlier optimism. Even allowing for the disposal of Pharmax and the move into associate status of the Indian company, and putting the DEPEX losses on one side, the picture is one of stagnant profits, with any increase in sales volume being offset by thinner margins. The group's problems in Canada, where profits fell to £0.04m from £0.26m as unexpected competition undermined LRC's strong market position in contraceptives, are an extreme example of this. But the company maintains that its trading background is improving into the third quarter following a poor summer which hit its underwater equipment, swimcaps, Elsan and photographic development businesses, and there should be a small contribution (around £0.2m) from the U.S. acquisitions. Even with the £0.8m extraordinary charge arising from the DEPEX liquidation and problems in Iran the odds are the total dividend pay-out will be increased by the maximum which puts the shares, at 84p, on a prospective support yield of 10.9 per cent.

Shaw Carpets half-time profit

IMPROVED MARKETING and better consumer demand helped Shaw Carpets push up sales by 33 per cent to just over £15m and to achieve a turnround from a loss of £304,000 to £949,000 pre-tax profit in the 26 weeks to October 27, 1978.

The group made a profit of £1m in the second half of last year.

The interim dividend is 1p (nil) and the directors are proposing a capitalisation issue of 890,895 10 per cent second cumulative preference shares of £1 each on the basis of one second preference share for every 10 ordinary shares held.

Agreement has been reached with the Treasury that the company's highest dividend cover since dividend restraint started was 3.21 in the 52 weeks to April 26, 1974. Taking this into account the board propose a dividend of 7.5p on second preference shares payable April 27, 1979, for the period to April 30, 1979, and subject to unforeseen circumstances, to recommend a final ordinary dividend of not less than 1.5138p making a total of 2.5138p (same).

On this basis, ordinary shareholders who retain their second preference shares should achieve an income increase of not less than 29.8 per cent compared with previous year.

The Board says in the scrip issue formal document that the statements on the proposed dividend level on the second preference shares and ordinary shares for the 52 weeks to April 27, 1979 combined with the reference to dividend cover imply profits after tax and payment of the dividend on the existing preference shares of not less than £920,800 (£334,320 1977-78).

While the directors are fully confident this profits level will be achieved, if there were a shortfall the final ordinary dividend per share would, because of the dividend cover rule, be less than 1.5138p.

In the period to the end of April, 1980, if current dividend legislation applies, the maximum permissible ordinary dividend will be 110 per cent of the total dividends paid on ordinary and second preference shares in the 52 weeks to April 27, 1979, but after deducting the dividend paid on the second preference shares for 1979-80. On this basis the ordinary dividend for 1979-80 would show an increase of about 3 per cent over the previous year. This, of course, assumes that a higher ordinary dividend could not be paid under the "cover rule"

The directors have told the company that they and their family interests intend to dispose of about 501,000 second preference shares—the whole of their entitlement at the start of dealings in the new shares which are expected to start on January 29, 1979

The issue document also says that the effect of the proposal will be to reduce the net tangible assets for the ordinary from 34p share, as at April 28, 1978, to 24p.

• comment

Shaw Carpets has turned in an impressive set of recovery figures with profits at least £0.1m more than the market expected for the first half. The results reflect a *jump in sales volume of around* 25 per cent, compared with a probable industry rise of less than a tenth. Clearly, Shaw has been successful in stepping up its market share of tufted carpets (which the company puts at 12 per cent) without affecting margins. A significant factor is the extended product range, which includes the new Millitron printed carpet—Shaw's answer to Axminster. However, equally important has been the policy of concentrating marketing efforts on wholesaling outlets and large retail groups. Shaw's small retail customers now number only about 3,500, compared with 8,000 four years ago. Meanwhile, the company is continuing to increase production on the Millitron machine, which should contribute to higher margins. Overall, however, *the company's forecast of* £0.92m net profits for the year (or close to £2m pre-tax) looks to be very conservative. A more likely outcome is in the region of £2.5m and there is every chance that the stated dividend payment could be further increased. At 73p the shares are on a prospective fully-taxed p/e of 5.6 while in the meantime the yield is increased from 5.2 per cent to an effective 7.3 per cent taking in the preference scrip.

BEECHWOOD

In yesterday's report the minorities' interest should have been £181 (£32).

UK COMPANY NEWS

Bulmer ahead 67% but warns on second half

PRE-TAX profits of H. P. Bulmer Holdings, cider maker, etc, rose 67 per cent from £1.15m to £1.92m for the half-year ended October 27, 1978, on sales up at £20.95m against £19.08m.

Mr. P. J. Prior, the chairman, states that cider sales volume in November was similar to that of last year and it is hoped that the 3 per cent reduction in the first half will be largely recovered in the second period. Much will depend on the Christmas peak selling season which is not yet completed.

Trading profits at £2.46m (£1.8m) so far, are expected to continue to show improvement in the second half. But the group will not benefit this year from the £1 3m exceptional gain which arose from the increase in returnable container deposits in February, 1978. For this reason the chairman considers it unlikely that pre-tax profits for the full year will exceed the £2.7m for 1977-78: "nevertheless, the quality of our earnings this year will be much improved," he adds.

The application to the Price Commission for implementation of the balance of a price increase on ciders, "which at their direction was deferred last April," he states, was allowed and prices were increased by the equivalent of 1p a pint retail from October 9, 1978.

Mr. Prior says the original application was entirely within the criteria, and that the effect of the Price Commission intervention has been to reduce profits for 1978-79 by some £1.5m.

Earnings are shown as up from 8.69p to 15.03p per 25p share and the directors are declaring a first and second interim dividend, both of 2.479p net, compared with two interims last time of 2.2p. They also forecast a final payment of 2.479p (2.2p) for the year.

Cider sales volume was 3 per cent below that achieved in the first half of last year, partly due to very poor summer weather.

Wines and spirits have shown an improved performance in the first half and the chairman expects this trend to continue in the second half.

	Half year 1978 £000	1977 £000
Sales	20,948	19,078
Cider, pectin	20,236	18,613
Wines, spirits	712	465
Depreciation*	72	69
Trading profit	2,464	1,789
Cider, pectin	2,383	1,742
Wines, spirits	73	37
Property	8	—
Interest payable	487	413
Exceptional debit†	58	235
Profits before tax	1,919	1,151
Tax	312	362
ACT	282	232
Overseas	30	30
Net profit	1,607	889
Exchange loss	26	18
Extraord. credit‡	36	—
Preference divs.	64	2
Attributable to ordinary	1,553	893
Ordinary divs.	508	451
Retained	1,045	442

* In accordance with SSSAP 12. † Orchard development expenses £94,000 (£195,000) and other items £36,000 credit (£40,000 debit). ‡ Gain. §Comprise surpluses or deficits against book values arising on sales of freehold properties held as fixed assets.

Business in Australia continues to make excellent progress and the directors expect trading profits this year to be at least double the previous £79,000.

Progress in the U.S. is slower than it had been hoped, mainly as a result of unexpected problems arising on labelling regulations. English-type cider is a new product in the U.S. and there was confusion as to which government agency was responsible for packaging approval; this problem has now been resolved.

Exports to Nigeria have been badly hit, first by an enormous increase in tax and now by a total import ban.

Freddie Mansfield

Mr. Peter Prior, chairman of Bulmers. "local cider apple crop largest in living memory."

Mr. Prior states that the local cider apple crop is the largest in living memory, and more than five times the quantity handled in 1977 will be processed. This will stabilise raw material costs next year, but to fund these stocks total borowings are expected to increase by about £3m and about £8m at April, 1979. "Substantial facilities are available and our resources will not be strained," he adds.

Despite raw material supply problems the pectin operation has shown an improved contribution which should continue in the second half.

● comment

H. P. Bulmer claims that but for the intervention of the Price Commission the group's pre-tax profits would have reached around £4m in the current year. As it is, profits have recovered reasonably well in the first six months but the second half is always seasonally slack and profits are not expected to exceed £2.7m. This will, however, represent a good underlying advance on 1977-78 since there will be no repetition of the rise in bottle deposits which brought an exceptional £1.27m into the second half last time. For the future, the main question is whether cider demand in the home market can at last pick up after a couple of very lean years: Bulmer is taking a relatively optimistic view, reckoning that the 3 per cent volume decline suffered so far can be made up during the winter. But the complete closure of the Nigerian market since September, worth about 2 per cent of group volume, is a blow. Fortunately the Australian cider business and the pectin side are both going well. Up 6p to 150p the shares yield 7.5 per cent on the forecast dividend, and the prospective p/e (assuming a very low tax charge) is around 7.

Saatchi & Saatchi jumps 50% to £1.87m

FOLLOWING A rise from £0.57m to £0.78m at midway, pre-tax profits of Saatchi and Saatchi Company, advertising agency, jumped 50 per cent from £1.25m to £1.87m for the year to September 30, 1978. Turnover rose 39 per cent to £59.12m and margins improved from 2.93 per cent to 3.17 per cent.

Mr. Kenneth Gill, the chairman, says at the year-end the cash position was strong and the company had zero borrowings. Management figures for the first quarter of the current year indicate that 1979 will be another record year.

Earnings per 10p share are shown as 16.95p (11.3p) before extraordinary items, and as 15.3p (11.6p) after. A final dividend of 2.74p boosts the total payment by 54 per cent from an equivalent 3.11p to 4.79p net—comparisons are adjusted for both the December, 1977, corporate reconstruction and this year's scrip issue.

The company is again free from dividend restraint in 1979 and its aim will be to keep returns to holders in line with the growth in its business, Mr. Gill states.

Available profits advanced from £436,000 to £574,000, after tax of £1.08m (£0.72m), minorities, £160,000 (£106,000), and extraordinary £63,000 debits (£11,000 credits). Dividends absorb £180,000 (£117,000).

Trans Oceanic increases

GROSS REVENUE of Trans-Oceanic Trust rose from £1.31m to £1.45m and revenue before tax was up at £1.15m for the year to October 31, 1978, against a previous £961,897.

A final payment of 4p lifts the total dividend for the period from 5p to 5.5p net per 25p share.

After tax of £425,217 compared with £335,304 earnings are given as 5.93p (5.68p) per share—a heavy conversion of loan stock during the year restricted the increase.

Whessoe fall is over £0.5m

TAKING into account exceptional exchange fluctuations of £355,204, the profit reduction forecast by Whessoe for the year ended September 30, 1978, turns out to be £532,525.

Sales value of work completed advanced from £49.97m to £81.08m, trading profit slipped a little from £4.99m to £4.84m, but the profit before tax came out at £2.89m, against £3.43m.

The net profit has suffered further to the extent of £530,000 net redundancy costs. The net profit, therefore, is almost halved to £862,709.

Lord Erroll, chairman of the group, says prospects for the current year, though reasonably assured for Aiton and light engineering, still depend on further successes in winning additional work for heavy engineering and performing it profitably.

In 1977-78, Aiton increased its sales by 90 per cent and its trading profit by 73 per cent to £3m., while light engineering improved its sales but lower margins reduced trading profits from £867,526 to £707,823. In the current year both these sections are expected to show similar results to those new reported.

Heavy engineering had higher sales but reduced activity cut the trading profits from £2.39m to £1.13m. Work shortage at Stockton and poor outlook for new orders forced closure of virtually all manufacturing operations there from last month. Heavy engineering has a better workload on hand for the year but recovery to overall profitability depends on achieving further loading for reorganised capacity.

	1977-78 £	1976-77 £
Work completed	81,085,074	49,972,364
Trading profit	4,838,975	4,993,465
Depreciation	1,066,319	996,355
Net interest	524,111	570,614
Exchange fluctuations	355,204	—
Profit before tax	2,893,341	3,425,866
Taxation	1,442,268	1,741,897
Minority	58,364	48,653
Redundancy costs	530,000	—
Net profit	862,709	1,635,316
Dividend	464,299	415,790
Retained	396,410	1,219,526

Letters of intent have been received for major reactor components of the two new AGR power stations conditional upon the general go-ahead being given. Contracts for engineering, design, development, and procurement of key materials are now in hand.

The dividend for 1977-78 is being raised from 4.604p to 5.141p net per 15p share, with a final of 3.171p.

● comment

Whessoe seems to be emerging from the disappearance of the marine market for oil tankers reasonably well, with profits only £½m lower on the year. But this is before taking account of an extraordinary charge (after tax) of £530,000, relating to the 800 redundancies in the heavy engineering division. At the trading level this division turned in profits of £1.1m (£2.4m), but pre-tax the result was a small loss. The good news centres on Aiton, where trading profits are ahead from £1.7m to £3m. This reflects good business levels in the UK, Canada and Australia. And Whessoe says indications are that the current year will be even better on this front. At 83p the yield is 9 per cent.

Warnford near £950,000

INCLUDING share of associates revenue maintained at £36,787, against £36,437, Warnford Investments expanded taxable profit for the half-year to June 24, 1978, from £800,703 to £947,237. Turnover was marginally up at £1.28m, against £1.14m.

Earnings per 20p share are stated at 5.17p (4.14p) from which is paid a net interim dividend of 3.27p (2.5781p). The final last time was 4.3678p paid from record revenue of £1.65m.

In August the directors said they expected to pay dividends in the current year of not less than those paid for 1976-77, and they looked forward to a steady increase in rentals and net property revenue

The net balance for the half-year emerged at £496,681 (£397,431) after tax took £450,556, compared with £403,272 last time. Minorities of £208 (£151) left attributable revenue higher at £496,473 against £397,280.

Systime advances 76% to record £0.84m

TURNOVER of Systime, mini-computer manufacturer, in which the NEB has a 26 per cent stake, more than doubled from £4.2 m to £9.1m and pre-tax profits rose by 76 per cent from £476,000 to a record £845,000 for the year ended September 30, 1978.

Mr. John Parkinson, the chairman, says he anticipates a considerable increase in turnover and profits in the current year.

NEB acquired its stake in the company in July, 1977, for £500,000.

In the past year Systime has invested some £250,000 in new production and quality control equipment. A new subsidiary, Systime Netherlands was formed in Holland, its largest export market and the company launched three new units, including a micro-processor VDU (visual diplay unit), three new systems packages and two system development aids. It also achieved a £400,000 contract in the Middle East for an on-line business system in Qatar.

In the current year a new mini-computer will be introduced and in conjunction with the NEB's computer marketing subsidiary, Insac Data Systems, the company is launching a teleprocessing software package.

Also planned is the development of the retail sector through its micro-processor point-of-sales terminal.

The directors expect overseas growth to be sustained following last year's rise in exports from £627,582 to £1,118,000. Subsidiaries are being set up in West Germany and France, they add.

Systime is looking for a turnover of £35m by 1982, a quarter of which would be exports.

Wearra up 45% to £0.44m

ON TURNOVER up from £6.11m to £7m Wearra Group, footwear manufacturer and distributor, hoisted pre-tax profits by just over 45 per cent to £440,835 in the year to September 30, 1978.

At the halfway stage pre-tax profits stood at £178,000, against £102,000 the previous year.

The final dividend of 1.012p net (0.9p) per 10p share lifts the total from 1.306p to 1.459p.

The Board has incorporated into the accounts a valuation of freehold propert yas at September 30, 1977. This appeared as a note to the 1977 accounts and its incorporation results in a credit to reserves of £675,419.

	1977-78 £	1976-77 £
Turnover	6,996,104	6,109,909
Profit before tax	440,835	303,083
Tax	28,022	37,407
Net profit	412,813	265,676
Extraord. debit	—	3,523
Interim div.	17,880	16,240
Proposed final	40,480	36,000
Retained	354,453	209,913

Chemring finishes well ahead

Following a rise at the interim stage from £107,100 to £152,000, Chemring finished the September 30, 1978, year with record taxable profits of £378,200 against a previous £261,800. Total sales were up from £2.11m to £2.88m.

The directors say that at present the prospect for the current years is for a small increase in the value of sales but with lower profits. A substantial increase in demand for the company's radar reflective products is anticipated over the next five years at reduced margins, they add.

Earnings per 5p share are shown as 8.4p (6.7p) and the dividend total is lifted to 1.43547p (1.2854p) net, the maximum permitted, with a final of 0.66547p.

ISSUE NEWS

MILLETTS STANDS OUT

In a quiet day in the market Milletts Leisure Shops—the latest new issue—stood out. The offer for sale was of 1.7m and though estimates varied last night, roughly 900,000 shares changed hands in the market yesterday.

The price remained fairly firm throughout the day, but the premium over the offer price of 110p was below dealers' earlier hopes. The shares started trading at 117p and closed at 120p, having touched a low point at one stage of 115p.

MID KENT WATER

The offer for sale by tender by Mid Kent Water of £3m of preference stock has met with an enthusiastic response. A total of £11.13m was put up for the issue, which is the second largest amount ever put up for a water offer. By coincidence the highest ever amount was also for a Mid Kent issue.

The minimum tender price was £98 per cent. The lowest price to receive a partial allotment was £100.03, with the average price at £100.18.

Dealings in the stock start today. Brokers were Seymour Pierce.

UK COMPANY NEWS

Guthrie falls sharply but sees second half pick up

PRE-TAX PROFITS of Guthrie Corporation fell sharply from £11.12m to £4.76m for the first half of 1978, a substantial reduction having taken place in the contribution of every region.

There has, however, been a substantial improvement in the climate of business activity in the second half and results for this period are likely to be at record levels. Overall profits for 1978 will be very satisfactory, the directors say, although they may not quite match the record £19.65m for 1977.

Turnover for the first half was down at £125.2m against £144.7m and reflects the disposal of Sanyo-Guthrie Australia, with effect from December 31, 1977, and lower commodity sales.

An unchanged interim dividend is declared of 6p net per £1 share costing £1.72m, and the directors forecast a total for the year of not less than the 15p paid last time.

	Six months 1978 £000	Six months 1977 £000	Year 1977 £000
Turnover	125,163	144,717	282,878
Operating profit	7,805	14,335	25,274
South East Asia	6,919	10,703	17,400
Europe	(992)	400	340
Australia	(137)	258	350
North America	905	1,893	5,444
Africa	306	1,079	1,718
Interest	2,247	3,211	5,627
Profit before tax	4,758	11,124	19,647
Tax†	2,400	6,200	9,497
Net profit	2,358	4,924	10,150
Minority interest	346	571	980
Making	2,012	4,353	9,170

† Figures for each half-year do not include any provision for ACT which cannot be utilised. £701,000 is included in the taxation figure for 1977.

In South East Asia palm oil crops in the early months of the year were seriously affected by weather conditions but have now recovered to more normal seasonal yields; the out-turn for the year will be satisfactory.

Results from Europe are disappointing, the directors state. Most constituent companies return lower profits, while losses of British Carpets were higher than expected: the investment plan here has dislocated production but will be substantially complete by the end of the year.

The group's 50 per cent stake in Sanyo-Guthrie was sold during the period; certain other subsidiaries were also sold making Guthrie's interest here almost wholly in textile-related products.

A strike at the Warren, Ohio plant of Ajax has eroded profits in North America and was only settled in September after over four months dispute.

In common with many trading companies in Nigeria, Guthrie (Nigeria) had a poor half year. The company is to retain its private status with some 20 per cent of the equity being sold by the end of the year to staff and outside investors, in order to increase indigenous interests to 60 per cent.

See Lex

Serck slumps by 45% to £5.15m.

WITH PRE-TAX profits down from £9.32m to £5.15m for the year to September 30, 1978, Serck's chairman reports there is no sign of an end to the depressed markets for many of the company's products.

The two main areas of difficulty during the year, in which sales rose from £78.4m to £93.3m, were in valves and heat transfer.

The chairman adds that on the valves side dull markets led to intense competition and narrowed margins, while in the heat transfer operations there were also output problems associated with uneasy industrial relations brought on by inflation and three years of artificial pay restraint.

Serck Services and the smaller divisions were more successful. Services had a good year and Serck Glocon received the Queen's Award for Export Achievement.

The best achievement was the successful delivery by Serck Controls of the telemetry equipment for the Orenburg gas pipeline in the USSR. This is believed to be the world's largest contract for industrial telemetry and is the largest single order ever placed with the Serck Group. It is a technical success and was delivered on time.

On prospects the chairman points out that the company is not losing market share, and investment to improve efficiency and minimise costs is proceeding quickly. Borrowings are modest and the group is in good shape for the longer term. Borrowings less cash and deposits are shown as £4.3m, against £2.5m.

	1977-78 £000	1976-77 £000
Sales	93,300	78,400
Profit before interest	6,094	9,690
Interest	944	366
Profit before tax	5,150	9,324
Earnings	2,904	*6,747

* Statement of Standard Accounting Practice No. 15 has been adopted in accounting for deferred tax and figures for 1977 have been restated on comparable basis.

At the halfway stage the company reported pre-tax profits well down from £4.4m to £2.86m on turnover ahead from £38.1m to £44m.

The final dividend is 4.334p (3.94p) to lift the net total from 5.94p to 6.534p. Earnings per 25p ordinary share are shown down from 17.5p to 7.3p.

● comment

The market had been well prepared for Serck's 45 per cent pre-tax profits slump, both in view of the company's own warnings and Pegler-Hattersley's bad experience with steel valves. The confident defence against an unwanted bid from Associated Engineering early last year, however, now seems a long way off and there is little to cheer about in the group's major markets. Industrial valves at least traded profitably but the group badly needs an upturn in process plant investment of which there is no sign at the moment. Heat exchangers admittedly were unsettled by industrial problems but demand has also been sluggish, particularly from the diesel market. High speed diesel contracts have been more buoyant but the only visible bright spots are in Serck's smaller operations like Controls and Services. Exciting developments are also expected in oil extraction from the Water Processing subsidiary. Meanwhile, the group faces another tough fight in the current year and with the dividend only just covered maintaining the payout might prove difficult. Still, the shares at 78p now yield a bumper 13.2 per cent while the p/e is 10. Looking further ahead Serck's abortive venture into the large and less depressed U.S. valves market was unfortunate but the company may well try again.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Communications, Braham Millar, Distillers, Dom Holdings, Haslemere Estates, Heywood Williams, Phoenix Timber, Saint Piran, Scottish Homes Investment, Trafford Carpets, United Gas Industries, Wilkinson Match, S. W. Wood.

Finals—Associated Engineering, Bass Charrington, Burco Dean, Hawkins and Tipson, KCL, Lloyds and Scottish, MEPC, Marley, Mitchell Somers, Nottingham Brick, Redman Heenan, Stenhouse, Vaux Breweries.

FUTURE DATES

Interims—

Anglo-American Asphalt	Dec. 18
Sutcliffe Speakman	Dec. 15
Waddington (J.)	Dec. 29

Final—

Camford Engineering	Jan. 3

Lower volume and higher costs push Arthur Lee down £1m

THOUGH BACK in profit for the second six months Arthur Lee and Sons finished the year to September 30, 1978, with taxable earnings £0.97m lower at £1.89m. At halftime the deficit was £106,000, compared with a surplus of £82,000.

Sales for the 12 months, by the group, which makes steel bars, strip, wire and wire rope, were maintained at £63.42m (£63.49m) but volume was down. This together with higher costs in general adversely affected trading results.

Demand for the majority of the company's strip and wire products has strengthened since year end and the results of the stockholding division remains very satisfactory. The bright bar market has, however, shown signs of weakness, the directors state.

	1977-78 £	1976-77 £
Sales	63,418,000	63,456,000
Depreciation†	1,038,021	1,367,810
Provision released	298,851	—
Pre-tax profit	1,889,351	2,856,880
Tax	704,383	1,756,295
Net profit	1,184,968	1,100,585
Minorities	34,746	311,046
Extraord. credit	—	66,521
Attributable	1,149,322	856,360

† Includes additional depreciation of £46,000 (£744,536).

With the tax charge for the year sharply down from £1.76m to £0.7m and minority profit at £34,746 (£311,046) earnings per 12½p share showed improvement from 3.61p to 4.66p. A net final dividend of 1.1p raises the total to 1.54p (1.45p).

The group's interests in Belgium associate Aciers Alexis were, as known, sold at the beginning of 1977-78 releasing provisions of £298,851. At the remaining associate Alloy Steel Rods disruption to production, caused by the installation of new plant, resulted in a significant first half loss.

JOHN BOOTH

In yesterday's report on John Booth and Sons (Bolton), turnover for the half year to September 30, 1978 should have read £3.99m, compared with £2.36m.

Culter Guard could show increase

Proided there is no deterioration in business confidence, the current year's profit of Culter Guard Bridge Holdings should at least match and probably exceed the £508,000 achieved in the year ended March 31, 1978.

The directors make the point, however, that foreign exchange rates are so variable and woodpulp prices are increasing. The group is involved in papermaking and conversion.

In the first half ended September 30, 1978, turnover rose from £9.79m to £10.22m and profit before tax improved from £70,000 to £122,000. A professional revaluation of the group's fixed assets is currently in hand, and the charge for depreciation has been estimated by the directors; had the basis for the previous year's depreciation charge been continued, the half-year's profit would have been £118,000 greater than shown.

In volume terms, sales increased by over 8 per cent, compared with the same period last year; however, turnover only went up by some 4 per cent, as selling prices reflected the temporary reduction, which took place throughout the world, in the price of woodpulp.

Demand for the range of papers made at Culter and Guard Bridge is firm, but the market for certain of Smith and McLaurin's converted products is disappointing.

Baggeridge recovers in second half

After the mid-year setback when taxable profits were down £70,000 to £41,000, Baggeridge Brick Co. recovered in the second six months to September 30, 1978, to finish ahead from £277,210 to £325,123. Turnover was lower at £3.95m, against £4.17m.

Stated earnings improved from 3.29p to 3.87p per 25p share and the dividend is lifted to 2.607125p (2.33475p) net.

Profits were subject to tax of £170,366 (£145,801) and extraordinary debits of £8,668 (£6,149).

Today's company meetings

Amalgamated Stores, 42, Portman Square, W, 12. Anglo Scottish Investment Trust, 2, St. Mary Axe, EC, 11.15. A. Arenson, Lincoln House, Colney Street, St. Albans, Herts., 12.30. Audio Fidelity, Queens Hotel, City Square, Leeds 10. Bridgewater Investment Trust, Cadogan Hotel, 75 Sloane Square SW, 4.30. Cope Allman International, R.A.C., Pall Mall, SW, 11. Customagic Manufacturing, 138, Derby Street, Cheetham, Manchester, 2.30. EMI, Tower Hotel, St. Katherine's Way, EC, 11.30. L.W.T., South Bank Television Centre, Kent House, S, 12.30. London Shop Properties Trust, Winchester House, 100, Old Broad Street, EC, 2.30. Martonair International, Connaught Rooms, Great Queen Street, W, 12. Manganese Bronze, 1, Love Lane, EC, 12. McKechnie Bros., Midland Hotel, Birmingham, 12. F. W. Thorpe, 75, Harborne Road, Birmingham, 3.15.

MINING NEWS

Stevens little help to UK mining industry

BY KENNETH MARSTON, MINING EDITOR

"THE MUCH heralded Stevens Report, which it was hoped would result in reforms in the system of planning control that would remove at least some of the worst disincentives to (UK) mineral exploration and development, has turned out to be very little help."

This sad commentary on an effort to improve UK mining prospects was made at yesterday's annual meeting of The Mining Association of the United Kingdom by its retiring president, Mr. A. M. Macleod-Smith. He added that the whole Stevens exercise, which has been studied by the Government for three years, was unlikely to lead to any immediate significant increase in UK exploration activity.

In criticising the Government's negative approach to the Stevens recommendations, Mr. Macleod-Smith made the following points:

● For the most part, suggestions made had been either turned down or deferred indefinitely on the grounds of public expense.

● No response had been made to fiscal recommendations which would have helped the mining industry at no large cost to the Exchequer and produced a net benefit to the balance of payments.

● The request for the restoration of Regional Development Grants had been refused.

● Still unanswered was the industry's request that it should be relieved of exchange control authority for investment in overseas mining projects.

On the last point, however, Mr. Macleod-Smith was hopeful that a measure of relief would be granted in due course to the mining and some other industries.

But if the UK Government has tended to drag its heels as far as the problems of the UK mining industry is concerned, little progress has been made by other governments on the wider question of securing adequate future mineral supplies for the European Community and, indeed, for the whole Western world.

The latter problem is to some extent obscured by the current over-supply situation in many base metals and the consequent low level of metal prices which acts as a disincentive to new mining investment.

But whereas an eventual economic recovery will produce a revival in demand and prices for these materials, there remains the greater problem of a reluctance to commit large sums of risk capital to mining ventures in the developing countries which hold out the major prospect of new mineral resources.

Bearing in mind the fact that a large new mine can take some eight years to reach the production stage, it is important that real progress be made soon on the question of providing security for the huge sums of capital that will be required for a new generation of mines in those countries.

Talks continue between the EEC, the nine member governments and the European mining industry on this question of financial safeguards and the seriousness of the situation has been recognised. But Mr. Macleod-Smith says that the member governments have so far shown little sign of being able to agree what should be done about it. And time is steadily running out.

Dealings due to be resumed today in the 20 cents shares of Australia's Poseidon, the one-time "Windarra Wonder." From a matter of shillings the shares spiralled to an awesome £124 in the heady Australian nickel boom days of early 1970.

They were suspended at 75p in October 1976 prior to the appointment of a receiver following heavy losses at the Windarra nickel mine in Western Australia. The company's stake in the mine was sold to the Shell group last year.

Poseidon came out of Receivership last Friday and announced a one-for-one rights issue at 20 cents (11.5p) in order to raise working capital and repay a bank overdraft. Market talk yesterday suggested an opening price for the existing shares of between 35p and 45p, most estimates being in the lower price range.

Approval for Arco's Queensland deal

ATLANTIC RICHFIED, the U.S. oil major, has been given approval by the Australian Government to proceed with the A$17m (£9.8m) purchase of Daniel K. Ludwig's equity in the Blair Athol steaming coal project in Queensland, first announced in October.

The Foreign Investment Review Board approved the ARCO proposal despite a subsequent counter submission from Rio Tinto-Zinc local offshoot, Conzinc Riotinto of Australia, which owns the other 62 per cent of Blair Athol.

At present there is a small 100,000 tonnes a year coal mine at Blair Athol but CRA has been attempting for some years to develop a $500m operation producing 10m tonnes annually of steaming coal for export.

CRA was unhappy about the proposed sale because it feared ARCO might not consider urgent the development of Blair Athol. ARCO, however, had publicly stated that it would work toward significantly increasing the output for export.

CRA wanted to buy the 38 per cent Ludwig stake and then sell it potential customers. The Japanese utility, Electric Power Development, which has recently entered into steaming coal contracts with several New South Wales coal producers, was interested in participating, reportedly to a 30 per cent equity.

It is understood CRA was talking to other interested parties, and that not all were Japanese.

The Australian Government neatly solved the problem of having to decide between the two proposals by giving approval to both. However, ARCO already had an agreement with Ludwig, conditional on FIRB approval, whereas CRA did not, and the U.S. oil group therefore carried the day.

Mr. John Howard, the Treasurer, referred to reports on other prospective interests in Blair Athol when granting ARCO approval but said there were matters for commercial negotiation. The ARCO proposal had been considered on its particular merits in terms of Government policy.

Approval was subject to the understanding that satisfactory arrangements would be made to comply with the Government's foreign investment guidelines for Australian equity participation in new mineral deposits.

As a general rule there must be a minimum equity of 50 per cent in such new projects. This requirement can be waived where a foreign company agrees to naturalise by giving a local equity of at least 25 per cent and giving a public commitment to reach at least 51 per cent over a period.

CRA already has a local equity of about 28 per cent and has agreed to Australianise. But honorary Australian status is not conferred where a naturalising company links up with a wholly foreign owned company. ARCO at present is wholly foreign.

Coal spending boosted by Shell Canada

SHELL CANADA plans to invest about C$12m (£5.15m) in preliminary development work and additional exploration during the course of next year at the Line Creek coal property in British Columbia if satisfactory sales contracts can be negotiated, reports John Soganich from Toronto.

The target would then be to have an opencast mine in operation during the early 1980s with an initial production of 1.4m tons a year and employing about 400 people.

Line Creek is one of a number of properties Shell Canada acquired when it took over Crows Nest Industries earlier this year. CNI is not at present a coal producer although its properties have what Shell called "a sizeable potential in both metallurgical and thermal coal."

CNI was a pioneer in the development of south-eastern British Columbia coal in the early part of this century.

 BIDS and DEALS

Stanley Gibbons suspended following takeover approach

SHARES OF Stanley Gibbons International, the world-famous stamp dealer, were suspended on the London stock exchange yesterday following the company's announcement that it had received a takeover approach. The shares were suspended at 220p, which values the group on the stockmarket at £13.5m.

The bidder is as yet unnamed, but it is a publicly-quoted UK-based company. Some market speculation suggested that the bidder might be Sotheby Parke Bernet Group, or possibly a large conglomerate.

Stanley Gibbons said yesterday that it hoped to make an announcement not later than next Monday "or perhaps before the weekend. Our merchant bankers are listening to what the bidder has to say. They will then advise us."

Stanley Gibbons was approached on Tuesday, an approach which "absolutely surprised" the company. "We do not need a suitor really," it said.

In its last financial year, ending December 31, 1977, the company reported pre-tax profits of £1.68m on turnover of £11.9m. This compared with taxable profits of £1.31m and turnover of £9.19m.

At the half way stage in the current year taxable profits of the group were £941,056 compared with £798,327.

Net assets in the last accounts were shown at 57.9p per share.

The company is looking for a cash offer which it hopes it will be able to recommend to shareholders.

NEB/DUO

The National Enterprise Board has subscribed £160,000 in ordinary and preference shares of the Duo Rubber and Engineering Company of Wolverhampton. The NEB will hold 49 per cent of the company's share capital.

The NEB funds invested in Duo are going towards the development of new production facilities at a factory at Newton Aycliffe, Durham. The factory, provided by the Newton Aycliffe Development Corporation, will produce a range of tyre moulds, as well as provide repair facilities.

Fifty to 60 new jobs will be created.

UU TEXTILES REORGANISATION EFFECTIVE

The Board of U.U. Textiles and Sidroy announces that, following confirmation by the Court of the reduction of the share capital of UUT, the financial reorganisation of UUT including the cancellation of the Sidroy loan stock and the merger with E. Salbstein has now become effective.

Accordingly dealings in the ordinary 10p shares of UUT and in the Sidroy loan stock ceased at the close of business on Thursday.

Mr. J. L. Turner has resigned as chairman and as an executive director of UUT, but will remain on the Board until June 30, 1979. Mr. R. A. Ratner has been appointed chairman and Mr. J. S. Dunn deputy chairman and group managing director.

ASSOCIATED DAIRIES OFFER

Holders of Allied Retailers ordinary shares who accepted the offer by Associated Dairies Group by December 12 have elected as follows.

Holders of 9,180,872 existing Allied ordinary shares elected to receive additional ADG ordinary shares instead of cash. Holders of 3,472,070 existing Allied shares elected to receive additional cash instead of ADG shares.

Accordingly when the Allied ordinary offer is declared wholly unconditional cash elections will be satisfied in full and share elections will be satisfied to the extent that ADG ordinary shares are made available under the cash elections. Thus Allied holders who made an election will receive for every 400 Allied ordinary shares now in issue and to be issued under the proposed capitalisation issue (equal to 100 existing Allied ordinary shares) which they hold in respect of (a) a cash election, £151.44 cash, and (b) a share election 50.99 ADG ordinary shares and £51.60 cash. In calculating the elections, ADG ordinary shares have been valued at the election price of 195.8p per share.

PMA EXPANDS WITH TWO ACQUISITIONS

Furniture manufacturers PMA Holdings has expanded its contract furniture division through two acquisitions. It has purchased GB Educational Equipment and the laboratory design engineering division of G. D. Searle and Co in a deal worth about £85,000.

GB Educational is located in Barking, Essex and manufactures a range of furniture for schools. Net assets of the company amount to £41,000. Although turnover is running at £240,000 per annum the company is trading close to break even.

Searle Laboratory Design is located at Walthamstow and manufactures a range of laboratory equipment similar to that of Roath Furnishing Contracts which the group purchased in November.

PMA has acquired that business for £50,000. Turnover of Searle is running at £750,000 per annum and Searle is making profits of £40,000 per annum.

LADBROKE SUCCESSFUL

Ladbroke Group sent out its offer document to shareholders of Myddleton Hotels yesterday and at the same time revealed that the bid is already successful.

Ladbroke bought 21.4 per cent of Myddleton in the market just before announcing its bid. It now has irrevocable acceptances from board members and the family of Mr. Anthony Hornsby, Myddleton's chairman, which take its total control to just over 54 per cent of the equity.

WADHAM STRINGER

Following discussions with BL Cars and in pursuance of its franchise policy, Wadham Stringer announces that it has been appointed as Jaguar/Daimler distributors for Exeter and the surrounding area with effect from January 4, 1979.

The premises, previously owned by A. J. Beal, are to be purchased in Exeter and Wadham will be operating from those premises. Consideration will not be finalised until the completion date but it is anticipated that it will be in the order of £350,000.

DARES SHARES ISSUED TO ROWLF

IN ACCORDANCE with an agreement dated July 12, 1977, between Dares Estates and Rowlf 141,950 ordinary shares in Dares have been issued to Rowlf on account on the further consideration linked to profits on the development of land at Marchwood, Hants. St. Paul's Holdings, Rowlf's parent company, will now hold 1,414,489 shares in Dares (15.74 per cent).

BOOKER McCONNELL FORMING NEW DIVISION

A new operating division is being formed within the Booker McConnell group, the international food, engineering and trading company.

Interests in health foods, dietary supplements and pharmaceuticals are to be grouped into a newly formed Health Products Trading division with effect from January 1.

The businesses that are being re-grouped form part of the Booker McConnell Food distribution division but their developing size, and their specialist and international nature call for a separate divisional organisation, say the group.

Booker McConnell's health food operations were extended significantly in July this year when the group acquired 70 per cent of the equity in the U.S.-based American Dietaids Company Inc.

WOMBWELL

By transfer dated December 4, 1978, Stainborough Securities acquired 867,150 shares in Wombwell Foundry and Engineering Company representing 29.39 per cent of the issued share capital.

The directors of Wombwell have been notified that this transaction represents merely a rearrangement of holdings within the interests of the chairman of the company, Mr. Gordon Bramah, and that the ultimate beneficial ownership of the shares has not changed.

ALGINATE

Shares of Alginate, the seaweed processor, were suspended at 300p yesterday—valuing the group at £16.9m—just 24 hours after the announcement of a bid approach from Merck Incorporated, the U.S. pharmaceutical group.

A key factor in any resulting bid will be the reaction of Moorgate Holdings, which holds a 29 per cent stake in the group. Moorgate is a private investment trust set up to look after the interests of the D'Erlanger family.

Mr. Leo D'Erlanger, chairman of the Erlanger merchant bank—formerly a private concern but now part of the Hill Samuel group—died last month. His death, however, is unlikely to affect the family interests in Moorgate Holdings.

THOS. W. WARD

Directors of Thomas W. Ward—which has a 29.6 per cent stake in Tunnel Holdings—are due to meet next week to discuss their reaction to Tunnel's £10.5m agreed cash offer for Barrow Hepburn's chemical interests.

So far, Mr. Peter Frost, chairman of Thomas Ward has not joined his fellow Tunnel directors in recommending the deal. He wished to give Ward's directors time to study the terms before the group makes up its mind.

An EGM of Tunnel shareholders is to be held on Friday, December 22, and the Ward board must meet before then.

ASSOCIATES DEAL

J. Henry Schroder Wagg and Co. sold 1,500 GEC at 340p on behalf of associates.

—NO PROBE

Proposed merger between Whitecroft and Randalss group is not to be referred to the Monopolies Commission.

NO PROBE

Laing Properties — Lady Laing, wife of Sir Maurice Laing, sold 25,000 "A" ordinary shares at 112p.

Trust entitled S account K, of which trustees are Sir Maurice Laing, E. C. Uren and E. R. Beecher, sold 50,000 shares at 120p.

SHARE STAKES

Centrovincial Estates—B. Gold, director, sold 10,000 shares.

Celestion Industries—One of the interests of D. D. Prenn, chairman, bought 50,000 shares at 28¾p on December 12.

Jessups (Hldgs.) — Mrs. J. P. Chase sold on November 23, 160,000 shares and does not now have a declarable interest.

Hargreaves Group — Viscount Ingleby of Snilesworth, director, sold 50,000 shares at 60½p on December 6.

R. W. Toothill — Beaverform Group of Companies holds 58,000 shares (8.29 per cent)—50,000 of these were acquired from Mrs. R. M. Toothill and one of her daughters.

Bejam Group—J. D. Apthorp, chairman, has sold 255,000 shares (0.5 per cent) at 60p, but retains beneficial interest in 8,054,680 (14.9 per cent).

Avana Group—Northern Foods on December 4 acquired a further 220,000 shares increasing its holding to 1.8675m shares (9.1 per cent).

W. E. Norton (Holdings)—J. M. Simon director, on December 7, sold 100,000 shares.

Aaronson Bros. — Following rights issue, Witan Investment Co. and its associated company Greenfriar Investment Co. now hold 1,398,839 shares (5.31 per cent).

Parambe — Portfolio Management holds 680,000 shares (18.13 per cent).

Ratners (Jewellers)—Scottish Amicable Life Assurance Society holds 1,365,000 shares.

Ruberoid—Sir Robert Adeane, director, has bought 20,000 shares at 46p making total holding 50,000 shares. Lady Elizabeth Adeane, wife of Sir Robert has bought 10,000 shares at 46p making total 20,000 shares.

Simon Engineering — London and Manchester Assurance Group has bought 25,000 4.2 preference shares making holding 119,500 preference shares (12.96 per cent).

R. W. Roorhill — Beaverfoam Group of Companies holds 58,000 shares (8.29 per cent). 50,000 of these shares were acquired from Mrs. R. M. Toothill and one of her daughters.

Montfort (Knitting Mills)—Master Securities, Mr. Raphael Djanogly and Mr. David Djanogly together are now the beneficial owners of 498,300 ordinary shares (22.05 per cent).

Francis Sumner (Holdings)—Company has been informed by Mr. M. Maimann, chairman, that Louis Flower, a family investment company, has purchased 100,000 ordinary shares and now holds 51.1m shares.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Slide in New York bond prices continues

By Our Own Correspondent

NEW YORK — with the latest Bell System issue setting a record high yield, bond prices continued their downward slide today.

Yesterday's $150m 9¼ per cent 36-year benchmark issue by Mountain States Telephone and Telegraph, handled by Morgan Stanley, was only 40 per cent sold at the end of the day, in spite of the fact that it was priced to yield 9.27 per cent, the highest rate of return on a triple-A telephone issue since early 1976.

The issue was today freed for sale in the secondary market, and the price, originally 99.80, dropped to 98¾, giving the issue a yield of 9.38 per cent, believed to be the highest ever on a Bell issue.

Ironically, Mountain States T and T led the way down at the end of the last interest rates peak. Its $150m issue in December 1976 was the first such issue to descend through the 8 per cent barrier.

Dealers today attributed the overall heaviness of the market to general apathy about U.S. economic prospects, plus sales of inventories by Wall Street dealers squaring their positions for the year-end.

Equitable Life, the large insurance company, also sold $50m worth of bonds today, and other institutions are believed to have followed suit.

Marathon Manufacturing turns down $190m offer

BY DAVID LASCELLES

NEW YORK—Marathon Manufacturing a leading producer of offshore drilling equipment with interests in Britain, has been approached with a tentative takeover offer by Maremont Corporation, a Chicago-based maker of automobile parts. But the company has rejected the offer, worth just over $190m describing it as "inadequate."

Maremont's offer was $17 cash per Marathon share, plus $17 in voting preferred stock. Before they were suspended, Marathon shares were trading at $23.5. Indications yesterday were for a resumpton of trading at around $26 to $29.

According to Mr. Milton Shapiro, Maremont's treasurer, his company's approach had only been tentative and he did not consider that a formal offer had been made. He refused to comment on what his company's next step might be, but he described the atmosphere of the discussions so far as friendly.

Marathon's revenues last year were $304m, and earnings were $16.1m, equivalent to $2.81 a share. The company is based in Houston and is one of the world's largest producers of mobile offshore drilling platforms. One of its manufacturing centres is Clydebank in Scotland where it makes jack-up rigs for North Sea oil exploration. It also makes rigs in Singapore.

The Clyde yard is currently suffering from a lack of orders, and the UK Government has asked the British National Oil Corporation, British Gas and the Coal Board to consider placing business there to save the 1,100 jobs at risk.

The company has been using its recent high revenues from exploration to diversify into other manufacturing areas so as to be able to withstand the cyclical nature of the rig-building business.

Maremont is only slightly larger than Marathon, with sales last year of $318m and earnings of $10.7m. It makes exhaust systems and shock absorbers, and also imports parts for foreign cars.

The company has been barred by the FTC from expanding by takeover in the auto parts replacement market, and has therefore been looking for growth opportunities in other areas.

Mr. Shapiro said today that if the Marathon acquisition went through, it would mark a major step into a new field for his company.

Hudson's Bay approach cleared

BY VICTOR MACKIE

OTTAWA — The Canadian Government has decided not to intervene or block the possible takeover of Simpsons the Toronto-based store chain, by Hudson's Bay Company.

Mr. Robert Bertrand, director of the Federal Bureau of Competition Policy, said yesterday that he has discontinued his two-week inquiry into the proposed merger.

The investigation into the C$388m offer was held to determine whether the merger of the two department store giants would be detrimental to the public interest. By acquiring Simpsons, Hudson's Bay would also be buying a half interest in Simpsons-Sears. Its shares are split equally between Simpsons and U.S.-owned Sears Roebuck of Chicago.

This would give Hudson's Bay *control of more than 60 per cent* of the sales of what were described as full service department *stores in Canada.* Such a store is one that offers a total range of merchandise and services.

Bertrand's announcement came only hours after another major development in the struggle for control of Simpsons.

In Toronto earlier, the presidents of Simpsons and Simpsons-Sears—Mr. G. Allan Burton and Mr. Jack Barrow—issued a statement outlining improved terms for the merger originally proposed in October. That merger was being discussed before the Bay offer was received.

The two companies have decided to update and improve their offer to shareholders in an attempt to ward off the Hudson's Bay offer. However the Simpsons-Simpsons-Sears merger has to be approved by the Canadian Government's Foreign Investments Review Agency because Simpsons-Sears is 50 per cent U.S.-owned. *That merger would* increase foreign control of the department store field.

Record quarter for G & W

SAN FRANCISCO—Gulf and Western Industries, the diversified industrial group, had a record first quarter, net earnings *rising from a corresponding* $39.1m; or 58 cents a share, to $60.3m or 88 cents a share.

All eight operating groups were profitable in the quarter, but significant improvement was seen in the leisure-time group. Reuter

Eastern—National

Eastern Airlines plans to finance its proposed $50 a share takeover of National Airlines with a $427m bridging loan through its conventional bankers, Reuter reports from Houston. Eastern's chairman, Frank Borman, said this loan would carry the airline over until it arranged for long-term financing.

Checker Motors agrees sale to Oppenheimer

KALAMAZOO — Checker Motors Corporation said it had agreed in principle to sell its assets subject *to its liabilities to a corporation* to be owned by Oppenheimer and Co. The company said Oppenheimer will pay a net price equivalent to $45 a share for the assets, based on the 1,089,101 common shares outstanding on June 30. Assuming the conversion of preferred into common shares, the transaction would have a value of about $49m.

Before trading halted on the Midwest stock exchange on Friday pending the announcement Checker's stock traded at $28.875 a share. Later, Checker said tha the $45 a share offer would be adjusted downwards to reflect a 10 per cent dividend.
ciple

As a condition of the sale to Oppenheimer, Checker said it agreed in principle to sell its Yellow Cab company, subsidiary to a group of private investors AP-DJ

GE plans deal with Hitachi

NEW YORK—Mr. Reginald H. Jones, chairman of General Electric, commenting on a recent Justice Department anti-trust ruling against a joint television venture between GE and Hitachi, said the company hopes to sign an agreement to obtain Hitachi's TV technology even if the joint venture plans fall through.

GE intends to stay in the television business and a recent large order from Mobil Corporation's Montgomery Ward unit for TV sets should help the TV division in 1979, he declared.

National Distillers in $200m takeover

NEW YORK—The metals, chemicals and alcohol group National Distillers and Chemical Corporation is to take over *Indiana Group in a deal which* could be worth around $200m. The companies have executed a definitive agreement on the terms of a proposed merger *under which Indiana would* become a wholly-owned subsidiary of National.

The terms of the agreement call for the common shares of *Indiana to be exchanged for* common shares of National on on a ratio of 150 per cent of the per share book value of Indiana on December 31, 1978, to the average market value of National common during a specified period prior to the mailing of proxy material. The exchange rate would be not more than two nor less than 1.8 National shares for each Indiana share. The maximum number of shares that could be issued by National in the transaction is 9,975,062.

Indiana Group would retain the right to cancel the deal if the average market value of National is less than $17.50 a share, and National could cancel if its shares rise above $24.50. National's shares have traded around the $19 to $20 mark recently, putting a value on the deal of some $20m.
Agencies

Husky plans increase in oil development

CALGARY — Husky Oil's *capital spending will total* C$158.5m in 1979, compared with C$109.2 this year, said Mr. James E. Nelson, the company president.

Heavy oil development in the Lloydminister area on the Alberta-Saskatchewan border, including plans for preliminary design and engineer*ing of a crude oil upgrading* facility will absorb C$61.4m.

The company said total oil and natural gas expenditures *in North America in 1979 will be C$114.1m, up 66 per cent on* this year's C$68.8m.

In addition, C$14.8m will be spent on exploration in the Philippines, the North Sea *and Pakistan.*

It said C$24.6m of the budgeted C$158.5m will cover refining, marketing, supply and distribution.
Reuter

Asbestos faces expropriation

QUEBEC CITY — Quebec Premier Rene Levesque said that if an agreement can't be reached with General Dynamics for the previously proposed takeover of the company's Asbestos Corporation subsidiary, the Canadian *province "will have to go* ahead and expropriate" Asbestos Corporation.

The nationalistic government has held lengthy negotiations with General Dynamics concerning the takeover of the Asbestos Corporation subsidiary. These talks have become stalemated and that *the differences* "were almost irreconcilable," Premier Levesque said.

The premier said the province refused to pay what *he called* "an artificial increase" in the value of Asbestos shares, currently trading at about C$51.50 a share, up from C$ 23.50 prior to the October, 1977, *announce*ment by Quebec that it planned to acquire the company.
Agencies

Research Cottrell lift

NEW YORK — Research-Cottrell, manufacturer of pollution control equipment, announced an increase in earnings for the year from $8.1m to $9.3m, or $1.92 to $2.15. Sales of $253.9m compared with $236.8m last time.

The final quarter brought a rise in net earnings from $2.7m to $3m or 63 cents to 69 cents *on sales of $75.1m* against $64.9m previously.
Reuter

Parker Drilling boosts profit

TULSA — Drilling services company, Parker Drilling has almost doubled earnings for the year to August 31 and stockholders are told that the company is enjoying the most successful year in its history and is looking forward to the prospect of new drilling services.

For the year reported, Parker pushed net earnings up *from $15.4m or $4.12 a share* to $31.2m or $8.02. Sales increased from $156.1m to $241.1m.
AP-DJ.

Technicare merger

Technicare Corporation and Johnson and Johnson have signed a definitive agreement to merge which the Boards of both companies have approved, AP-DJ reports from New Brunswick. The acquisition is still subject to approval by Technicare's shareholders. As previously announced the agreement calls for the tax-free exchange of 0.175 shares of Johnson and Johnson common stock for each of the about 5.9m shares of Technicare common stock.

BANK OF ENGLAND QUARTERLY

Sharp increase in volume of Eurocurrency business

BY MARY CAMPBELL

THERE WAS a further sharp rise in the volume of Eurocurrency business in London in the third quarter of this year, the *latest Bank of England Quarterly* Bulletin shows. Meanwhile, the latest analysis of the maturity of London banks' Eurocurrency deposits and lending, which was *carried out in August, shows* a marked improvement in the structure of London banks' short-term business. The previous analysis, which dated back to last *May, had shown the banks to be* particularly vulnerable to deposit withdrawals.

The latest Quarterly Bulletin contains three separate surveys *of the London banks'* Eurocurrency business: the regular quarterly figures, dated end-September, on deposits and lending including a geographical breakdown of deposits and loans on a country-by-country basis; the regular quarterly analysis of the maturities of London banks' international business, dated mid-August; and the Bank of England's semi-annual submission to the Bank for International Settlements (BIS), dated June, which gives details of the maturities of London banks' lending on a country-by-country basis.

The last of these three analyses shows that total external sterling and foreign currency lending *to countries* outside the BIS reporting area *(which consists of the European* industrialised countries, the U.S., Canada, Japan and offshore banking centres) rose by some $8.5bn to a total of $95bn in the first six months of this year. It *shows* that increases were well spread among the broad geographical groups while the maturity distribution of London banks' lending was little *changed* at end-June compared with end-December.

Unused credit facilities, which include informal revocable facilities as well as those which are *legally binding on the banks,* rose by $3bn to $22.4bn.

The expansion of London banks' Eurocurrency business amounted to $21bn in the third *quarter ($16bn after adjustment* for currency valuation changes).

This rate of growth was twice as fast as in the second quarter. There was also a marked change *in the geographical direction of* borrowing and lending.

The oil exporting countries' net deposits with London banks fell much more slowly than for *over a year*—from $18.7bn to $18.4bn. The second quarter fall, from $21.6bn to $18.7bn, had been particularly large.

The other marked shift was in the position of the western European countries outside the EEC and the "other countries" category, which mainly consists of less developed countries. Both *these groups* were net suppliers of funds to the London market in the third quarter, the "other countries" category becoming a net source *of deposits to* the tune of $1.1bn where previously it had been a net borrower.

The main net borrowers in the *third quarter were the* offshore banking centres and the EEC countries.

The vulnerability of the London banks to deposit withdrawals had reached very high, and probably record proportions last May. The latest Quarterly Bulletin shows that in the subsequent quarter the position improved. The Bank notes that "an expectation of higher interest rates may have led reporting institutions to lengthen the term of their liabilities." At any rate, the London banks' net deposits at the very short maturity (up to eight days) rose very little in absolute terms, with U.S. banks (traditionally *the most exposed*) cutting their net liabilities by $1bn and Japanese banks (traditionally the least exposed) increasing their net liabilities by a similar *amount.*

Thus the capacity of the banks to finance potential withdrawals of deposits improved to the extent that they could cover 72.2 per cent of their very short-term deposits by liquidating assets in August, up from 70.8 per cent in May. If *one* counts holdings of certificates of deposit as immediately realisable assets then the extent of deposit cover rose from 77.7 per cent to 79.0 per cent.

Quiet day for Eurobond markets

BY FRANCIS GHILES

THE INTERNATIONAL bond markets are getting quieter as Christmas approaches, especially in the dollar sector where secondary trading was described by dealers yesterday as very boring.

The only news was the pricing *of the $30m floater for Nippon* Credit Bank Finance at par, with indicated conditions otherwise unchanged.

The Deutsche-Mark sector was more active: prices moved up slightly although trading was described as thin by most delears. The DM 60m issue for Nordic Investment Bank was priced at 99½, instead of the indicated 99, with other terms otherwise unchanged. The lead manager of this issue, Deutsche Bank is expected to prce the successful Brazil issue, which was increased earlier this week to DM 150m, later today.

A DM150m issue for Norges *Kommunalbank* was *announced* yesterday by Westdeutsche Landesbank. The 10-year notes, which have an average life of 7½ years, carry an indicated *coupon of 6¼ per cent and will* be guaranteed by the Kingdom of Norway.

Details of the next tranche of the Carter bonds, to be denominated in Swiss francs, are expected to be announced later next month. This tranche should amount to SwFr 2bn ($1.2bn).

According to the Neue Zuercher Zeitung, the issue might not take the form of bonds, as is the case with the Deutsche Mark denominated tranche, but rather that of Swiss sterilisation descriptions, most of which are currently with Swiss commercial banks.

Sterilisation descriptions are bills placed by the National Bank with commercial banks on behalf of the Swiss Confederation. However, the proceeds are not used by the Confederation but are put into a blocked account with the National Bank.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on December 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	95½	95¾	−0¼	−0½	10.01
Australia 8.45 83	175	†97	97½	+0¼	0	9.39
Australia 9½ 93	75	†98½	99½	−0½	−0½	9.45
Beatrice Foods 7¾ 83	100	94¾	95¼	0	−0¾	9.20
CECA 8¾ 87	50	†94½	95¼	0	0	9.62
CECA 9 93	25	97¼	97¾	−0¼	−1	9.33
CECA 9¼ 88	25	98¾	99¼	−0¼	−0¾	9.34
CNT 9 93	75	95¾	96¼	−0¼	−1	9.49
Canada 8 83	250	95	95½	−0¼	−0¾	9.58
Canada 8.20 85	250	†94½	95¼	−0½	0	9.41
Canada 8¾ 98	250	94	94¾	−0¼	−0½	9.48
Canada 9 83	400	98¾	99¼	0	−0¾	9.50
Canada 9¼ 98	350	99½	99¾	−0½	−0¾	9.53
Canadair 8¾ 83	70	96	96½	0	−1	9.58
Dominion Bridge Co. 9 86	25	93¼	94¼	+0¼	−0¾	10.13
EIB 9¾ 98	125	†97½	98	0	+0¼	9.61
Eksportfinans 9 86	50	96¾	97¾	0	−0½	9.53
Finland 8¾ 83	100	†97	97½	0	−0¼	9.78
Finland 9 88	100	†96½	97	+0¼	0	9.76
Hospital O/S 9 83	25	97¼	97¾	−0¼	−0¼	9.69
Itel Finance 9¾ 88	25	95¾	96¾	+0¼	+0¼	10.40
Itel Finance 9¾ 90	20	93¼	93¾	+0¼	−1¼	11.08
J. C. Penney 8¾ 83	100	96¾	97¼	0	−1¼	9.34
Mac Bloedel 9¼ 93	50	96¾	97¼	−0¼	−1¼	9.62
NZ Dev. Fin. 8¼ 83	20	94¼	94¾	+0¼	−0¾	9.67
NZ Dev. Fin. 8¾ 85	20	94¾	94¾	+0¼	−0½	9.51
Nat. West. 9 86	75	98	98½	+0¼	−0¾	9.32
Newfoundland 9½ 90	50	97¾	98¼	0	−0¾	9.51
Nord Inv. Bk. 8¾ 88	25	96¼	96¾	0	−0½	9.31
Norges Komm. 9¼ 88	75	†97½	98¼	−0¼	−0¼	9.58
Norway 7¾ 83	250	93¾	94¼	+0¼	−0¼	9.63
Norway 8¾ 83	150	†97½	98¼	0	−0¼	9.55
Occidental 8¾ 85	75	93¼	94	−0¼	−0¼	10.22
Ont. Hydro 8¾ 93	125	95	95½	0	−1	9.50
Quebec Hydro 9¼ 93	50	98¾	99¼	+0¼	−0½	9.60
Sweden 9½ 98	125	†98	98½	−0¼	−0½	9.66
UK 8¾ 85	200	†96	96½	−0¼	−0½	9.48
UK 8¾ 93	150	97¼	97¾	−0¼	0	9.42

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95¼	95¾	+0¼	−0¼	7.15
Asian Develop. Bk. 5¾ 88	100	92¼	93¼	0	−0½	6.50
Australia 6 88	250	101¼	101¾	0	+0¼	5.79
Austria 5½ 90	150	94¼	95	−0¼	+0¼	6.39
Bankamerica 5¾ 90	150	99¼	99¾	0	+0¼	5.82
Bque. Ext. Algerie 7¼ 85	100	96¾	97¼	+0¼	+0¼	7.85
CECA 6 88	150	97	97½	+0¼	+0¼	6.38
Canada 4¾ 83	600	98¼	98¾	0	+0¼	5.19
Chase Manhattan O/S 6 93	100	101¼	102¼	+0¼	0	5.79
Commerzbank Int. WW 3½	100	103¾	104¼	−0¼	−0¾	3.03
Commerzbank Int. XW 3½	100	82¼	82¾	−0¼	−0¼	5.95
Copenhagen City 6 90	75	95¼	96	−0¼	0	6.52
Council of Europe 6¼	100	99½	100¼	+0½	+1¼	6.14
Council of Europe 6¼	130	97¾	98¼	0	+0¼	6.53
EIB 6 90	300	96¾	97¼	0	0	6.37
Elf Aquitaine 5¾ 88	100	93¼	94¼	0	+0¼	6.10
Finland 6 83	150	98½	99	0	+0¼	6.30
Hitachi Ship. 5½ 83	50	100½	101	0	+1¼	5.57
IBJ 5 84	100	98¾	99¼	−0¼	−0¾	5.29
Indonesia 7 84	100	97¼	97¾	−0¼	−0¾	7.57
Kobe, City of 5½ 88	100	100½	100¾	−0¼	0	5.46
Light Servicos de Elet.	150	96¾	97¾	+0¼	+0¾	7.26
Mexico 6 85	200	97¼	97¾	+0¼	+0¼	6.49
Mitsubishi Petro. 5¾ 85	100	99¾	100¼	0	0	5.77
Nippon Steel 5¾ 85	100	99¾	100¼	+0¼	−0¼	5.79
Norges Komm. 6 90	100	97¼	97¾	−0¼	−0¼	6.30
Norway 4¾ 83	250	96¼	97¼	+0¼	+0¼	5.13
Norwegian Ind. Bk. 6 90	125	97¼	98¼	0	−0¼	6.25
Petroleo Brazil 7 88	100	99	99½	−0¼	−0¼	7.10
PK Banken 5¾ 88	100	93¾	94¾	−0¼	+0¼	6.62
Quebec, Province of 6 90	150	95¼	96¼	−0¼	+0¼	6.54
Rautaruukki Oy 5¾ 88	50	94¼	94¾	+0¼	+0¼	6.55
Ricoh 5½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 6 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trondheim [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UDS Group [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Venezuela [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
American [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Arlborg [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asea [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase M[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CVRD 4½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankamerica [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4¼ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. L. Sm[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
First Ch[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hilti-Liech[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newag 4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oy Noki[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Safe 4½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sandvik [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scas 4½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alp[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vorarlberg [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna 4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	96¼	97¼	+0¼	+0¼	6.20
BFCE 6.4 90	20	95¼	95¾	0	−0¼	7.09
Eurofima 6.8 90	10	96¾	97¼	+0¼	+0¾	6.77
Norway 5.7 83	25	100¾	101¼	0	+0¼	5.51
SNCF 6.8 90	20	96¾	97¼	0	−0¼	7.09
Sweden 6.3 90	40	95¼	95¾	0	−0¼	6.99

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11¼ A$	12	95¾	96	0	0	12.09
Auto Cote Basq. 7 93 EUA	15	96	97	0	−0¼	7.39
Copenhagen 7 93 EUA	20	96¼	97¼	+0¼	−0¼	7.37
Finland Ind. Bk. 7 93 EUA	15	95¾	96¾	−0¼	−0¼	7.48
Komm. Inst. 7¼ 93 EUA	15	98¼	99¼	+0¼	−0¼	7.54
Panama 8¼ 93 EUA	20	96¾	97¼	+0¼	+0¼	8.64
SDR France 7 93 EUA	22	97¾	98¾	−0¼	−0¼	7.23
Algemene Bk. 6½ 83 Fl	75	91¼	91¾	−0¼	+0¼	8.62
Brazil 7½ 83 Fl	75	93¾	94¼	0	+0¼	9.08
CFE Mexico 7¼ 83 Fl	75	96¼	97¼	−0¼	−0¼	8.47
EIB 7¾ 85 Fl	75	93	93¾	−0¼	+0¼	8.57
Neder. Middenb. 6½ 83 Fl	75	93¼	93¾	0	+0¼	8.28
New Zealand 6¾ 84 Fl	75	91¾	92¼	−0¼	+0¼	8.59
Norway 6½ 83 Fl	100	92¼	92¾	−0¼	+1	8.65
OKB 8¼ 85 Fl	75	90¼	91¼	−0¼	+0¼	8.38
EIB 9¾ 88 FFr	200	98¼	98¾	0	−0¼	9.98
Unilever 10 85 FFr	100	100	100¾	+0¼	0	9.92
BAT 8 88 LuxFr	250	95¾	96¾	+0¼	+0¼	8.68
Bayer Lux. 8 89 LuxFr	250	95¾	96¾	0	+0¼	8.75
EIB 7¾ 88 LuxFr	250	95	96	+0¼	+0¼	8.46
Finland I. Fd. 8 88 LuxFr	250	95¼	96¼	−0¼	−0¼	8.62
Norway 7¾ 83 LuxFr	250	96¾	97¾	+0¼	+0¼	8.48
Renault 7¾ 88 LuxFr	500	97	98	+0¼	+0¼	8.12
Solvay Fin. 8 85 LuxFr	500	100	101	0	+0¼	7.90
Swedish I. Bk. 8 88 LuxFr	500	99	100	0	−0¼	8.07
Gestetner Hld. BV 11 88 £	10	97¾	98¾	0	0	11.30
Whitbread 10½ 90 £	15	85¼	86¼	−0¼	−0¼	12.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 87	0¼	99	99½	28/4	10¾	10.71
Arab Intl. Bank M6.5 83	0¾	95¾	96¼	31/1	9¾	9.77
Banco El Salvador M8 83	1¼	96¾	97¼	12/4	11.31	11.65
Banco Nac. Argent M8 83	0¾	96¾	97¼	21/1	9¾	9.88
Bank Handlowy M8 88	1¼	97¼	97¾	25/11	12.94	13.29
Bank of Tokyo M5¼ 83	0¼	96¾	97¼	18/4	10¼	10.24
Banque Worms M5¼ 85	0¼	98¼	99	15/12	9	9.11
Bq. Ext. d'Alg. M8.375 84	0¾	96¾	97¼	9/2	9¾	9.92
Bque. Ext. d'Alg. M7.5 85	0¾	95¾	96¼	2/5	12¾	13.26
Bque. Indo et Suez M5¾	0¼	97¾	98¼	25/1	9¼	9.55
Bq. Int. Afr. Occ. M8.5 83	0¾	96¼	97¼	12/1	9¼	9.65
CCCE M5.25 88	0¼	96¾	97¼	3/2	9.19	9.48
CCF M5¼ 85	0¼	97¼	98	3/5	12¼	12.51
Chase Man. O/S M5¼ 93	0¼	97¼	97¾	27/1	9.31	9.56
Credit National M5¼ 88	0¼	97¾	98¼	11/1	9.19	9.39
Gotabanken M6 88	0¼	97¼	97¾	15/5	12.31	12.61
Ind. Bank Japan M5¼ 85	0¼	98¾	99¼	1/6	12.35	12.47
Ishikawajima M5¼ 85	0¼	97¼	98	27/4	11¼	11.51
Ljubljanska M7.75 85	1	96	96¾	10/1	10¼	10.64
LTCB Japan M5¼ 85	0¾	98¼	99	9/5	12.06	12.22
Midland Intl. M5¼ 93	0¼	97¼	98	28/1	9.44	9.66
Nat. West. M5¼ 90	0¼	97¾	98¼	21/12	9.31	9.49
OKB M5¼ 88	0¼	99¼	100	18/4	10.56	10.59
Offshore Mining 88	0¼	98¼	98¾	30/1	9.44	9.58
SFTE M8 83	0¾	98¼	98¾	5/4	10.69	10.86
Standard Chart. M5.5 90	0¼	96¾	97¼	10/2	8.94	9.23
Sundsvallsbanken M6 85	0¼	96¾	97¼	4/4	10.06	10.37
Utd. Overseas Bk. M6 83	0¼	98¼	99	4/5	12.31	12.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¼ 93	9/78	628	102¼	103¼	−0¼	11.73
Baker Int. Fin. 5¼ 93	1/79	34	103	105	−0¼	10.59
Boots 6¼ 93	2/79	2.16	91¼	92¼	−1¼	−2.32
Coca-Cola Bottling 6¾	4/79	9	90¼	91¼	−0¼	10.06
Ito-Yokado 5¾ 93	6/78	1403	129¾	130¾	−0¼	0.22
Novo Industri 7 89	4/79	258	[illegible]	97	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

RENAULT IN PORTUGAL

Second thoughts among carmakers

BY JIMMY BURNS IN LISBON

IT IS NOW over a year and a half since a Portuguese Government first accepted in principle plans by Renault to make a major investment in the country. The project, in its original form, involved increasing the number of Renault 4, 5, and 12's assembled in Portugal from 19,000 units per year to 60,000, the stepping up of production to include the manufacture of 300,000 engines of an unspecified "new type," using 80 per cent local content, and, with the emphasis on exports, the building of a new components manufacturing plant, and the introduction of a new foundry, using existing plant to complement the *manufacture of engines* and parts.

At the time the total project was valued at some F.Frs. 1.2bn ($275m) and therefore represented one of the biggest ever foreign investment in Portugal. Within the context of the European automotive industry it was potentially the most ambitious plan to hit the headlines since Ford's "Fiesta" project in Valencia, Spain. Yet despite optimistic forecasts then from both the French and Portuguese sides that the project would be signed and sealed by the end of 1978, the chances of the original dateline being met are becoming increasingly remote.

There are now indications that even if the Renault deal is signed around the end of the year, or even in the first weeks of 1979, the final agreement will differ substantially from the original draft.

Just over a year and a half ago it was understandable that a Portuguese Government and Renault looked upon such a major investment with benevolent eyes. From the Portuguese angle, the Renault agreement coincided neatly with Dr. Mario Soares' first approaches to the EEC. The project effectively promised to transform the weak and under-developed Portuguese automotive industry. Throughout the last years of the Salazarists regime, this had been orientated to assembly and was highly uncompetitive on the European market. In addition, the Portuguese balance of payments would be bolstered by an inflow of foreign exchange, over 7,000 jobs would be created. The list was endless.

For Renault, the first among a group of some five major car companies to answer the Portuguese Government's call for constructive ideas as to how to transform the Portuguese automotive industry, there were further reasons for optimism.

Renault spokesmen at the time referred to what they saw as an "intelligent time" in which to invest in Portugal. A measure of political stability had been restored following the revolutionary excesses of 1975. Labour costs were still extremely cheap compared to the rest of Europe, the country as a whole seemed *on the brink of a new era of* industrial development and Portugal still seemed among the few countries in Europe with a dynamic growth potential in car ownership. Only one in every 11 Portuguese owned a car which represented half of the average European figure at the time. Despite the weak state of the economy the Portuguese public worker, fresh from a substantial post-revolutionary wage rise, was displaying an energetic consumer demand not experienced in Europe since the 1960s.

Car sales in Portugal fell by 36 per cent during the first nine months of this year with most of the setback occurring in the third quarter after the government's programme of economic stabilisation which included a major squeeze on credit. The outlook for demand in 1979 is thus bleak

In the first nine months of 1977 car sales increased dramatically by nearly 80 per cent over the same period in 1976.

Clearly, the collapse of the minority Socialist government last December and the government crisis that followed it have contributed to a delay in putting the Renault agreement on a more solid basis. It is now known, for example, that Sr. Alfredo da Costa was on the verge of concluding negotiations with Renault just before he was removed from the premiership in September. More significant than the lack of political continuity, however, has been the change in the economic climate in Portugal. This has forced both sides involved in the project to revise downwards the sales and production projections first referred to in 1977.

Portuguese sources close to the talks on the Renault deal recently confirmed that "the initial project was now being reviewed in the light of the changing circumstances of the past two years."

Car sales in Portugal in the first nine months of 1978 have declined by 36 per cent and are expected to fall even more next year. Sales have experienced a major setback following the stringent stabilisation programme agreed in the summer with the International Monetary Fund, which included a tight credit squeeze and a ceiling on wage increases. Petrol, in Portugal, already among the most expensive in Europe, was increased by 22 per cent in October.

Renault is thought to have based its initial projection on the assumption that car sales would continue to increase from 1977 onwards and reach a total of 120,000 units per year by 1981. Given that sales this year have dropped to 45,000, while zero growth is estimated for 1979, such an evolution now looks impossible.

Thus it now seems likely that Renault will want to scale down its original programme, including its share in the investment. Originally the project was to come under the control of a holding company with the Portuguese state and Renault equally represented. The French company, however, is now reliably reported to be asking the Portuguese Government to carry a greater share of the financial burden. This would include a more pronounced involvement of the nationalised Portuguese banks and main Portuguese credit institutions.

To what extent Renault will be able to cut back on its original schemes without risking the economic viability of the whole project remains open to question. This is particularly true on the engine side, where a substantial reduction in the units originally forecast and the substitution of a new type model by one already in production could make costs too high.

Originally Renault asked, and the Portuguese government accepted, that the company should be guaranteed a market share of about 40-50 per cent once the agreement had been signed. This was widely protested at the time by other car manufacturers, and has become an increasingly sore point since then. With car sales *having fallen to the present* level, it is argued that such a guarantee would simply push the other car manufacturers out of Portugal altogether. It would contradict Portugal's future status as a member of the EEC.

Clearly the Portuguese government has been placed in a quandary. With negotiations on Portugal's entry into the EEC beginning in January, the Renault project cannot go ahead *willy-nilly* without at least token agreement from Brussels. Renault, however, is clearly not keen on spending its money without some incentive for doing so, and until now a market share has seemed the best that the Portuguese government can offer. Loosening credit is as yet unthinkable in the present economic climate, though Renault is believed to have suggested the setting up of a special financial institution which would offer long-term credits at lower interest rates.

But optimism has not been completely drained from those participating in the Renault talks. On the Portuguese side, for example, there are strong moves to encourage the major car manufacturers in Portugal, including Fiat and Ford, to diversify their activities away from assembly and towards the manufacturing of components and the export of commercial vehicles.

But so far this year only Fiat has publicly come forward with plans for a major new investment, in the manufacture of agricultural tractors, and this project is still only in the initial stages.

Royal Bank of Canada buying German bank

HAMBURG—The Royal Bank of Canada is to acquire a West German merchant bank early next year. The purchase is to be made through Bankhaus Burgardt und Broeckelschen, the German subsidiary of the Royal Bank of Canada.

The merchant bank is Nottebohm AG which, at the end of 1977, had a balance sheet total of Dm 953m ($501m) and business volume of DM1.06bn ($536m). Its basic capital is put at DM30m. Nottebohm is part of the Bank Fuer Gemeinwirtschaft.

Burghardt und Broeckelschen recorded a balance sheet total of DM673m and business volume of DM811m for the year ended September 30. Banque de l'Union Europeene of Paris has a 33 per cent shareholding in Burgardt und Broeckelschen.

● Ruhrkohloe AG, West Germany's largest coal group, will post improved results in 1978 compared with a loss of DM10m last year.

Agencies

Gothenburg bond issue

STOCKHOLM — the City of Gothenburg is to tap the Swedish capital market for long term funds on behalf of its port activities. The city is to raise SKr 40m ($9.1m) through a 20 year bond carrying a coupon of 10¾ per cent. The loan will be priced at par and its coupon will be adjustable.

Under regulations introduced late last year, the Swedish bond market can now offer coupons adjustable every five years if valid long term interest rates changed by at least one point either way.

The Gothenburg issue follows the announcement of a new state loan which is to be issued in two tranches and be spread over 10 years.

Reuter

Norwegian electronics group in receivership

BY FAY GJESTER

OSLO — Norway's troubled Tandberg electronics company is to be put into receivership—the first time that a wholly state-owned company has ever gone bankrupt in Norway.

The decision to declare the company bankrupt was announced last night (Wednesday) by the Minister for Industry, Mr. Olav Haukvik, after a meeting with Tandberg's board. On Monday this week Mr. Haukvik said that the Government would be prepared to make NKr 50m ($9.8m) additional state capital available to permit the company's re-organisation.

Last night, he said that, after studying Tandberg's financial situation, he realised that a much greater sum would be needed, if bankruptcy were to be avoided. Since the Government was not prepared to put up the large amounts needed, the fairest solution from the creditors' point of view was to have the company declared bankrupt immediately.

Mr. Haukvik said that the Ministry believed that certain sectors of Tandberg could be operated at profit. It would seek to keep these in operation and, to this end, the Government was still willing to put up the NKr 50m which he had offered on Monday.

It is understood that production at all the company's plants will continue for the time being. No information was available in Oslo last night about the impact of the bankruptcy decision on Tandberg's UK operations.

Our financial staff writes: Tandberg's operations in the UK centre on a marketing company in Yorkshire and a factory producing television sets in Scotland. The two are separate limited companies with the Scottish plant, Tandberg Electronics, restricted to the UK market and representing an investment of about £2m, of which about half is UK taxpayers' money.

The marketing company, Tandberg UK, promotes the Scottish company's products as well as imports from the Norwegian parent. Turnover of Tandberg UK is more than £6½m a year.

Akzo again passes dividend

BY CHARLES BATCHELOR

AMSTERDAM—Akzo, the Dutch fibres and chemicals group, will not pay a 1978 interim dividend. The company has not declared a dividend since 1974 when it paid Fl4 per share.

Despite its slightly improved prospects for the current year the announcement came as no surprise. The company has made substantial losses in recent years and has been forced to undertake a major restructuring of its fibres division.

Akzo last month forecast a "very modest profit" for 1978 as a whole. It reported net profits of Fl3.8m ($1.8m) in the first nine months on sales of Fl7.[illegible]bn ($3.8bn). It has refused to make any forecast for 1979.

● Amro Bank plans to open a representative office in Moscow. Permission has alreadw been given by the Soviet authorities and the office will be opened as soon as the premises become available. Amro is the first Dutch bank to open an office in the Soviet Union.

Amro has traditionally worked through the European Banks' International Consortium (EBIC) in carrying out foreign business but it recently started to open its own branches and offices abroad. It has branches in London and Dubai.

Sharply higher earnings from Henin

By Terry Dodsworth

PARIS—Compagnie La Henin, the diversified French investment concern, which is 45 per cent owned by the Suez Group, is to pay a dividend of FFr 16 per share for the year ended August out of net profits of FFr 69m ($16m) against FFr 40.5m.

The results show a recovery to the levels achieved in 1976, and Henin is predicting that its wide spread of interests will give it considerable resilience against problems being encountered in some sectors of French industry.

The company has interests in banking, property investment, shopping centres, hotels (in collaboration with Novotel), and salt mining. It is also involved in consumer finance for motor vehicles and household goods.

At the annual shareholders meeting, M. Jean Lamey, the managing director of La Henin, said that the group is also intending to create a life assurance company next year. This company will be associated with the INA Corporation of Philadelphia. The intention is that the two companies will share the equity on a *50-50 basis*, with the *initial* capital amounting to FFr 10m.

Overseas the group is also involved in property development projects in Brussels and Madrid.

Boliden plans $22m capital investment

By John Walker

STOCKHOLM—Boliden plans capital investment programme of SKr 100m ($22.7m). The larger individual portion (SKr 36m) will go towards a fluidised bed roaster at the mining group's lead smelter in Roennskaer.

Installation of the roaster will solve the largest remaining environmental problem at the 55,000 tonnes per year smelter, the company said. Boliden did not give a time table for the investments since "financing questions and authorisations from various authorities still need to be settled."

Reuter

● SKF, the Swedish roller bearing and steel group has obtained orders valued at SKr 40m ($9m). The orders were obtained by a Swedish trade mission recently in China, where the authorities are said to have shown "considerable interest in know-how contracts."

Earlier discussions held in Peking are now to be continued in Sweden. There is currently a Chinese trade mission in Sweden and its members are expected to visit a number of companies including Atlas Copco, Sandvik, Fagersta and Uddeholm.

MITSUI'S IRANIAN RISKS

Petrochemical project in jeopardy

BY CHARLES SMITH

TOKYO — Mitsui, the major Japanese trading concern, would have to write off losses of about Y9.5bn (nearly $50m) if the Bandar Abbas petrochemical project in southern Iran in which it is main shareholder were expropriated or made unworkable as a result of political upheavals, it was estimated by a company spokesman.

Other Japanese companies, including two other members of the Mitsui group—Mitsui Toatsu and Mitsui Petrochemical—would also suffer substantial losses. Mitsui's exposure at Bandar Abbas would be 10 times as great if the company were not insured against losses on its overseas investments under a scheme sponsored by the Ministry of International Trade and Industry.

Mitsui is a 45 per cent shareholder in Iran Chemical Development Company, the Japanese consortium which in turn owns 50 per cent of the joint venture company which will operate the Bandar Abbas complex. ICDC has committed a total of Y211.2bn ($1.1bn) to the Iranian project in the form of loans and equity participation. The Japanese government has so far lent Y88bn to National Petrochemical Company, the Iranian Government-owned concern which owns the other half of the Bandar Abbas project.

Apart from the risk of outright expropriation, which is seen as fairly slight despite the current upheavals in Teheran, the main problem facing Bandar Abbas at present is that the project requires an additional Y100bn ($500m) worth of financing if it is to start operating in mid-1980. The cost of Bandar Abbas was assessed at Y550bn immediately after the 1973 oil crisis, but the addition of an extra downstream plant plus an estimated Y20bn worth of foreign exchange losses has led to this figure being revised upwards to Y650bn.

Agreement

It was agreed at a meeting of the project's shareholders in October that the Iranian Government would provide three-quarters of the additional funds with only the remaining Y25bn coming from the Japanese side. Iran, however, would probably need to borrow in international markets in order to contribute its portion of the extra expense.

It almost certainly cannot do this (except at a prohibitive cost) while the political situation remains in its current turmoil.

The Mitsui group became involved in the Iran project in the late 1960s originally as a quid pro quo for oil prospecting rights accorded to another Japanese consortium in the Luristan oil-field. The cost of the project was revised upwards sharply after the 1973 oil crisis but Japan's share of the total burden was reduced by hiving off the portion of the scheme which consists of natural gas collection. Bandar Abbas will use natural gas which was being flared off before the scheme was originated.

The core of the Bandar Abbas project is a 300,000 tons per year ethylene plant. Downstream plants will produce a variety of petrochemical products for export and for the Iranian domestic market. The Iranian market is officially expected to absorb 50 per cent of Bandar Abbas output but Mitsui officials admit that, in the initial stages of the project, at least 70 per cent of output may have to be sold abroad. This could pose problems for the Mitsui group which will be responsible for overseas marketing.

Mitsui's experience at Bandar Abbas is being closely watched by two other major Japanese groups which are involved, either potentially or actually, in similar schemes elsewhere. The two groups are Sumitomo, which is the main sponsor of a Singapore petrochemical project of similar size to that in Iran and Mitsubishi which is preparing to embark on a scheme in Saudi Arabia.

Preparation

The Singapore project has reached the stage of site preparation on an island south of Singapore itself, but full scale construction work had been delayed, in part because of fears that production from Bandar Abbas might be "dumped" in South East Asia—thereby destroying the potential market for the Singapore project.

Mitsubishi has appeared to be reluctant to proceed with the Saudi Arabian project, partly because the domestic Saudi market for petrochemical products would be very small. But the scheme is edging forward under what appears to have been strong political pressure from the Saudis. The present situation is that a Japanese consortium, to be called the Saudi Arabian Petrochemical Company, will be formed early next year.

Tokyo SE may impose curbs

TOKYO—The Governor of the Bank of Japan, Mr. Teiichiro Morinaga, said he would not be surprised if the Tokyo Stock Exchange tightened curbs on margin trading in view of the recent sharp rise of prices in heavy trading.

He told a Press conference that the stock market was overheated, and prices did not reflect economic conditions in Japan.

He said that surplus funds held by institutional investors and businesses seemed to be flowing into the market, but it was impossible to find out how much of the money was being supplied by banks and other financial institutions.

Mr. Mornaga said that he did not believe the current state of the stock market would lead to inflation of the kind which hit Japan in 1972-73.

Reuter

Kanebo cuts losses sharply

KANEBO, the Japanese textile, cosmetics and food concern, cut its losses sharply in the first six months to October 31, but remains uncertain about prospects and expects to pay no dividend for the third year running.

Along with other companies in the hard-hit fibres sector, Kanebo has been cutting capacity and attempting to diversify into less vulnerable sectors.

Helped also by the beneficial effect of the yen's rise on cotton import costs, Kanebo was able to reduce its deficit after tax to Y240m ($1.2m) in the first half from Y3.6bn, with the recurring loss at the pre-tax level down by around 50 per cent to some Y3.92bn from the same period of last year.

Sales—synthetic fibres where the main problems have occurred account for 55 per cent—slid from Y189.2bn to Y140.8bn, and the company expects little change in the second half.

According to analysts in London, Kanebo has been aided by a recovery in demand for textiles, which has added to the benefits of its improved sales mix, with cosmetics now accounting for 16 per cent or so of the total.

Even so, they do not generally see a return to annual profits until the 1979-80 financial year, and Kanebo is still carrying a heavy burden of debt. One major shareholder, Mitsui, has involved itself in the attempt to right the company's unsteady financial balance, while Kanebo is also working with Asahi Chemical, Japan's leading synthetic staple fibre manufacturer, on a joint sales company.

CSR to develop Queensland coal

BY JAMES FORTH

SYDNEY — CSR, the sugar, mining, chemicals and building materials group, is actively pursuing development of semi-anthracitic coal reserves at Yarabee in Queensland, the company said in its interim report.

The Yarabee deposit was obtained through the takeover last year of AAR Limited and the directors said it could be brought into production quickly and with a relatively small capital outlay when satisfactory markets were developed. Studies are also proceeding on the future development of large steaming coal reserves at Theodore in Queensland.

CSR said last month that earnings rose by 15 per cent in the September half-year to A$269m (U.S.$30.9m), largely due to higher profits from minerals and chemicals.

The shareholders report said that the building and construction materials division had fared poorly because of sluggish activity in the industry. In the housing sector, new starts in the period were about 11 per cent below those of a year earlier. Non-housing construction activity was steady at a low rate, but the volume of new projects has declined.

Sales volume of the group's building and construction materials was generally lower than for the same period last year, particularly for materials used mainly for housing.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume; retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
3rd qtr.	106.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.5	110	106.3	246.0	1,409	188
2nd qtr.	111.1	105.0	106	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8		110.8	267.6	1,380	213
May	110.2	103.8	115	108.4	255.2	1,366	210
June	111.8	105.9	99	108.7	257.3	1,365	217
July	111.3	105.3	109	111.4	265.8	1,371	211
August	111.4	105.6	110	111.8	270.3	1,392	209
Sept.	110.4	104.5		109.5	266.6	1,378	219
Oct.	109.3	103.3		109.6	267.2	1,360	228
Nov.				109.5		1,339	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	108.2	99.4	27.1
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
June	109.0	100.0	124.0	101.0	112.0	100.0	30.9
July	106.0	101.0	124.0	101.0	113.0	104.0	23.6
August	109.0	101.0	122.0	103.0	93.0	104.0	20.3
Sept.	107.0	100.0	122.0	100.0	101.0	101.0	24.5
Oct.	106.0	98.0	122.0	98.0	101.0	99.0	24.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
3rd qtr.	124.4	106.6	+ 31	+574	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+507	−657	102.4	20.39
1978							
1st qtr.	120.0	114.1	−608	−313	−642	104.8	20.63
2nd qtr.	122.5	110.4	−150	+183	−398	104.6	16.75
3rd qtr.	126.1	116.0	−281	− 56	−511	105.2	16.55
July	127.1	116.1	−134	− 59	−221	104.5	16.74
August	125.2	111.2	+ 68	+143	− 95	105.7	16.4
Sept.	125.9	120.7	−215	−140	−195	105.5	16.51
Oct.	128.2	111.8	+119	+209	−131	105.2	15.97
Nov.							15.67

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	28.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,858	694	1,393	10
3rd qtr.	16.8	5.3	8.6	+525	746	1,427	10
July	9.3	9.5	34.7	+104	200	458	10
August	5.7	1.6	15.7	−292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.7	5.4	1.6	+535	363	469	10
Nov.					261		12½

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.4
July	133.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.7	200.2	206.3	253.74	62.7
Oct.		145.8	156.6	201.1	205.6	265.22	63.1
Nov.		147.2	157.1			263.63	62.7

* Not seasonally adjusted.

Charter-hire profit upturn for Wheelock Maritime

BY ANTHONY ROWLEY

HONG KONG—Wheelock Maritime International, the shipping arm of trading and finance group Wheelock Marden, announced a 35 per cent increase in pre-tax profit to HK$31.6m ($US$6.6m) for the half-year to September 30.

This arose from "a general improvement in the results achieved by various group companies and in particular from a strengthening in the currencies in which our charter-hires are received chairman Mr. John Marden said.

Wheelock Maritime is paying an unchanged interim dividend of 15 cents per "A" share and 1.5 cents per "B" share. A total payout of 37.5 cents is forecast on the "A" shares in the current year as a whole and 3.75 cents on the "B" shares.

Mr. Marden said that a third vessel had now been chartered out on "equally satisfactory" terms as the two 18,250 dwt log carriers recently fixed on time-charter for a period of 21 months after being redelivered from charters. All three charters should "provide satisfcatory returns commensurate with those of the original charters."

House building projects to boost Faber Merlin

BY WONG SULONG

KUALA LUMPUR — After reducing its losses and debts, Faber Merlin, the leading Malaysian hotel and property group, is predicting greater profitability in the current financial year.

Mr. Chang Ming Thien, the chairman, said in his annual report that the group expected a net profit before tax of 6.5m ringgits ($3m), with a dividend of 5 per cent likely on capital enlarged to 72m ringgits by the recent one-for-10 rights issue.

No dividends were paid for the years ending June, 1977 and 1978, when the group made a loss of 1.3m ringgits and a pre-tax profit of 3m ringgits respectively. The group has accumulated losses of nearly 10m ringgits.

This year's profits are expected to come from the housing division which is stepping up activity to meet strong demand.

Faber Merlin expects to start a major building project for 3,000 residential houses in Johore next year. This is expected to yield 30m ringgits in gross profits over five years.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	5.12.78	12.12.78	AVERAGE YIELD	5.12.78	12.12.78
DM Bonds	104.30	104.44	DM Bonds	6.686	6.661
HFL Bonds & Notes	98.41	98.29	HFL Bonds & Notes	8.676	8.694
U.S. $ Strt. Bonds	96.91	97.07	U.S. $ Strt. Bonds	9.354	9.322
Can.-Dollar Bonds	95.78	96.24	Can.-Dollar Bonds	10.213	10.130

هكذا من الأصل

SENIOR EXECUTIVES

If you're in the job market now — we are here to help. Coutts Careers provide:—
* Excellent job search assistance.
* A thorough knowledge of the job market.
* Contact with top recruitment.
* Confidential and expert counselling.
* Superb Secretarial back up.

Telephone now for a cost free assessment meeting.

Percy COUTTS & Co.
01-839 2271
140 Grand Buildings, Trafalgar Square, London WC2.

[illegible]

APPOINTMENTS ADVERTISING ALSO APPEARS TO-DAY PAGES 34, 35, 36

International Management Audit/Consultancy

A new department is to be formed within the Finance division of a diverse and expanding major international trading group, for the purpose of auditing operations and internal controls and reviewing the systems of subsidiary companies, mainly overseas. It will also advise on systems etc., as and when required, on an in-Group consultancy basis. Applications are invited from qualified Accountants (Chartered, Certified or Cost and Management) for the following posts:

International Management Audit Controller

who will be responsible to the Group Financial Controller for the setting up and the subsequent operations of the Department. Extensive travel is envisaged after a 3 month familiarisation period in the London office but this is expected to diminish as the department develops. As appointment to the Board of a subsidiary is envisaged, applicants for this position should be mature professionals, aged 35 to 40, with some related experience.

The salary for this senior appointment will be not less than £15,000 per annum; other benefits include non-contributory pension, life insurance and Permanent Health Insurance schemes, company car, subsidised house mortgage scheme, free use of senior executive luncheon room, 25 days leave per annum.

International Management Auditors

After a familiarisation period in the London Office, those appointed will spend the greater part of their time moving between short term overseas assignments. These posts are, therefore, open only to single people. Some post qualifying experience in commerce or industry is essential and preference will be given to those in the age range 25 to 30. Starting salaries will be negotiable from £7,250 according to age and experience. Other benefits include contributory pension scheme and non-contributory life insurance and Permanent Health Insurance schemes, subsidised house mortgage scheme, free use of senior staff luncheon room, 25 days leave per annum.

Please write with full personal particulars, details of qualifications and work experience to date, to: Position No. ASI 7109, Austin Knight Ltd., London W1A 1DS. (Please indicate in which position you are interested.)

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

BOND DRAWINGS

NOTICE OF REDEMPTION

THE DEVELOPMENT BANK OF SINGAPORE LTD.
SINGAPORE
US$10,000,000
8¾% GUARANTEED BONDS 1982

NOTICE IS HEREBY GIVEN [illegible]

[illegible]

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
Principal Fiscal Agent.

FIXED INCOME UNIT ACCOUNT EXECUTIVE

A major International Investment Group offers an exceptional opportunity for an exceptional person, with its Fixed Income Unit based in London.

The successful applicant must be a Registered Representative — NYSE, with comprehensive knowledge of and experience in all aspects of the U.S. government securities and domestic money markets, including Euro-dollar instruments and Certificates of Deposit. Fluency in French, German, Italian and English; ability to act as adviser to major accounts—with emphasis on the Swiss Banking sector —initiate and develop new prospects there and represent the firm's financial products and services is essential. Salary circa £17,000 per annum.

If you think you can meet the challenge — the rewards are high — please write in strictest confidence, enclosing curriculum vitae, to Box A.6574, Financial Times, 10, Cannon Street, EC4P 4BY.

ART GALLERIES

[illegible]

LEGAL NOTICES

[illegible]

COMPANY NOTICES

ADIG GROUP OF FUNDS

Payable as from the 1st August 1978

Adiropa (European)	Coupon No. 19	Dmks. 1.53†
Adiverba (Insurance and Bank shares)	Coupon No. 15	Dmks. 2.32†
Fondak (German Equities)	Coupon No. 31	Dmks. 1.66†
Fondis (International)	Coupon No. 26	Dmks. 1.16†

† Dividends paid to U.K. Unitholders are subject to U.K. Income Tax at the standard rate.

Coupons may be lodged by Authorised Depositaries during normal banking hours. Coupons will not be accepted by post. This notice appears as a matter of record only, and is not intended as an invitation to purchase. Further information and copies of the Annual Report of the Adig Funds may be obtained from the U.K. Distributors and Paying Agents:—

CHARTERHOUSE JAPHET LIMITED,
1 Paternoster Row,
St. Pauls,
London EC4M 7DH.

[illegible]

EDUCATIONAL

[illegible]

BOND DRAWING

[illegible]

EXHIBITIONS

[illegible]

PUBLIC NOTICES

[illegible]

HOLIDAY ACCOMMODATION

NEW YEAR'S EVE PARTY WEEKEND
Friday to Monday at
LOWER SLAUGHTER MANOR
GLOUCESTERSHIRE

[illegible]

CLUBS

[illegible]

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar and pound steady

Sterling and the U.S. dollar showed little movement in yesterday's foreign exchange market, although the latter received support from various central banks in generally dull and featureless trading. Official intervention for the U.S. unit came after an initially weaker trend, with some uncertainty still surrounding the outcome of this weekend's OPEC meeting. Against the D-mark the dollar was held at DM 1.9045, from Tuesday's level of DM 1.9050, while the Swiss franc was pushed down and finished at SwFr 1.7045 from SwFr 1.6950 previously.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation remained at 8.5 per cent. On Bank of England figures its index improved slightly to 84.7 from 84.6.

Sterling traded quietly for most of the day and after opening at $1.9725, it improved against the dollar to $1.9750. However, central bank intervention soon pushed the rate back to $1.9670 before renewed dollar weakness saw sterling improve to $1.9800. The Fed may have lent support to the U.S. unit later in the day, and the pound closed at $1.9760-$1.9770, a rise of 35 points from Tuesday's close. Against other currencies, the pound's steady performance was reflected in its trade weighted index which remained unchanged from Tuesday at all three of yesterday's calculations, at 63.2.

The Italian lira showed a weaker tendency in both the spot and forward markets after this week's indication by the Italian authorities of their willingness to join the EMS. The lira slipped from L845.75 to L848.85 against the dollar and to L1,677½ from L1,668 against the pound.

FRANKFURT—The dollar was fixed at DM 1.9096 yesterday, against DM 1.9030 previously, and there was no intervention at this time by hte Bundesbank. Trading was generally subdued with little in the way of fresh factors to influence the market. Later in the day conditions remained quiet, and the U.S. currency showed a slightly weaker tendency at DM 1.9075 after touching DM 1.9068 at one point.

NEW YORK—Early trading saw very little movement in the major currencies, and although opinions seemed varied ahead of the OPEC meeting, most dealers were resigned to seeing some sort of increase in oil prices. Initially the Fed appeared to abstain from any intervention, although it seemed possible that the Swiss authorities had lent some support. Sterling stood at $1.0710 against $1.9825 on Tuesday while the D-mark was also weaker at DM 1.9080 compared with DM 1.9015. The Swiss franc was quoted at SwFr 1.7053 after SwFr 1.6920.

PARIS—Support by the authorities for the dollar failed to prevent a decline from its higher levels earlier in the day. Most central banks gave support, but by the end of the day, the U.S. unit had slipped to FFr 4.3805 compared with FFr 4.3750 at the beginning of trading, and FFr 4.3762½ on Tuesday. The D-mark finished at FFr 2.2940 against FFr 2.2972 while the Swiss franc eased to SwFr 2.5644 from SwFr 2.5800.

AMSTERDAM—The dollar was fixed at Fl 2.0695 yesterday, up from Tuesday's level of Fl 2.0630. In later trading the U.S. unit was quoted at Fl 2.0680, hardly changed from the fixing.

BRUSSELS—The dollar was fixed at BFr 30.2150 yesterday, compared with BFr 30.0800 on Tuesday.

ZURICH — The dollar showed a slightly better trend against most currencies in early trading, although support by the central banks was cited as the main reason for the improvement. In rather dull conditions, the U.S. unit was quoted at SwFr 1.7079½ and DM 1.9081 compared with DM 1.9035 previously.

TOKYO — In contrast to the previous few days, the dollar improved against the yen to close at Y196.90, up from Tuesday's close of Y194.85. However the dollar dipped to Y196.10 at one point before further buying interest pushed up the rate. There did not appear to be any intervention by the Bank of Japan, and spot turnover amounted to $425m, with forward trading at $134m, and swap dealings accounting for $738m.

THE POUND SPOT

Dec. 13	Bank rate %	Day's Spread	Close
U.S. $	9½	1.9760-1.9800	1.9760-1.9770
Canadian $	10¾	2.3140-2.3300	2.3250-2.3280
Guilder	6½	4.06½-4.09½	4.08¼-4.09¼
Belgian F	6	59.30-59.65	59.50-59.60
Danish K	8	10.43-10.49	10.48-10.49
D.Mark	3	3.75-3.78	3.76½-3.77½
Port. Esc.	18	91.90-92.50	92.05-92.45
Span. Pes.	8	140.50-141.20	141.10-141.20
Lira	10½	1.667-1.678	1.677-1.678
Nrwgn. K.	7	10.11-10.17	10.16-10.17
French Fr.	9½	8.62½-8.66	8.64½-8.65½
Swedish Kr.	6½	8.70-8.76	8.74½-8.75½
Yen	3½	385-394	387½-388½
AustriaSch.	4½	27.50-27.65	27.60-27.65
Swiss Fr.	1	3.34-3.38	3.36½-3.37½

Belgian rate is for convertible francs. Financial franc 60.20-60.30.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.50-0.40c pm	2.73	1.12-1.02c pm	2.17
Canadian $	0.66-0.56c pm	3.10	1.60-1.50c pm	2.67
Guilder	1½-½c pm	2.94	4-3c pm	3.42
Belgian F	20-10c pm	3.02	60-50c pm	3.70
Danish K	1-2¼ ore dis	-1.43	2½-4¼ ore dis	-1.24
D.Mark	3½-2½ pf pm	9.13	9½-8½ pf pm	9.27
Port. Esc.	60-105c dis	-10.73	140-310c dis	-9.76
Span. Pes.	30-100c dis	-5.52	210-310c dis	-7.37
Lira	2½-4½ lire dis	-2.52	7½-10½ lire dis	-2.15
Nrwgn. K.	2 ore pm-par	1.18	4½-2½ ore pm	1.58
French Fr.	3-2c pm	3.47	7¼-6¼c pm	3.35
Swedish Kr.	3¼-1¾ ore pm	3.43	9½-7½ ore pm	3.98
Yen	4.20-3.90y pm	12.51	10.80-10.50y pm	10.97
AustriaSch.	17-7 gro pm	5.21	52-42 gro pm	6.81
Swiss Fr.	4⅛-3⅛c pm	13.91	11½-10½c pm	13.06

Six-month forward dollar 1.90-1.80c pm, 12-month 3.90-3.80c pm.

THE DOLLAR SPOT

December 13	Day's spread	Close
Canad'n $*	84.94-85.09	84.94-84.97
Guilder	2.0640-2.0702	2.0670-2.0685
Belgian Fr	30.11-30.20	30.16-30.18
Danish Kr	5.2925-5.3100	5.3075-5.3100
D-Mark	1.9045-1.9090	1.9065-1.9080
Port. Esc	46.63-46.78	46.65-46.75
Span. Pta	71.27-71.41	71.35-71.40
Lira	845.35-849.10	848.60-849.10
Nrwgn. Kr	5.1190-5.1440	5.1420-5.1440
French Fr	4.3750-4.3840	4.3725-4.3750
Swedish Kr	4.4165-4.4385	4.4265-4.4275
Yen	196.20-196.90	196.20-196.40
Austria Sch	13.94½-13.98½	13.96½-13.97½
Swiss Fr	1.6948-1.7072	1.7075-1.7090

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canad'n $	0.1-0.03c pm	0.20	0.9-0.11c pm	0.45
Guilder	0.12-0.07c pm	0.37	0.85-0.77c pm	1.40
Belgian Fr	3-1½c pm	0.68	14-12c pm	1.68
Danish Kr	1.25-1.75ore dis	-3.29	4.00-4.50ore dis	-3.21
D-Mark	1.05-1.00pf pm	6.35	3.47-3.42pf pm	7.19
Port. Esc	43-53c dis	-12.08	90-160c dis	-10.71
Span. Pta	45-65c dis	-9.24	150-195c dis	-9.95
Lira	3.15-3.65lire dis	-4.81	9.00-10.00lire dis	-4.38
Nrwgn. Kr	3.60-0.20ore pm	2.47	0.60-0.20ore pm	3.11
French Fr	0.45-0.15c pm	0.66	1.53-1.40c pm	1.33
Swedish Kr	0.85-0.65ore pm	2.03	2.60-2.40ore pm	2.35
Yen	1.65-1.55y pm	9.60	4.45-4.30y pm	8.80
Austria Sch	4.80-3.80gro pm	2.91	14.5-12.0gro pm	3.30
Swiss Fr	1.46-1.41c pm	10.04	4.60-4.55c pm	10.77

CURRENCY RATES

December 12	Special Drawing Rights	European Unit of Account
Sterling	0.649249	0.671304
U.S. dollar	1.27389	1.33265
Canadian dollar	1.50410	1.55716
Austrian schilling	17.7990	18.4149
Belgian franc	38.4690	39.7854
Danish krone	6.75136	6.99537
Deutsche Mark	2.43373	2.51593
Guilder	2.63835	2.72815
French franc	5.59131	5.78280
Lira	1081.94	1118.48
Yen	249.384	260.120
Norwegian krone	6.49420	6.73780
Peseta	91.0825	94.1554
Swedish krona	5.62592	5.84048
Swiss franc	2.16900	2.24017

CURRENCY MOVEMENTS

December 13	Bank of England Index	Morgan Guaranty changes %
Sterling	63.19	-40.5
U.S. dollar	84.70	-8.5
Canadian dollar	80.13	-17.5
Austrian schilling	134.68	+18.2
Belgian franc	113.43	+14.2
Danish krone	116.95	+6.1
Deutsche Mark	147.96	+41.0
Swiss franc	192.54	+82.3
Guilder	123.38	+19.8
French franc	98.33	-6.4
Lira	54.59	-48.3
Yen	147.69	+46.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Dec. 13	£	$		£ Note Rates
Argentina Peso	1.913-1.917	967.87-969.90	Austria	27-28
Australia Dollar	1.7295-1.7345	0.8778-0.8790	Belgium	59¾-61¼
Finland Markka	7.9500-7.9700	4.0370-4.0390	Denmark	10.40-10.50
Brazil Cruzeiro	39.72-40.72	20.10-20.60	France	8.60-8.70
Greek Drachma	71.639-73.391	36.24-37.13	Germany	3.70-3.80
Hong Kong Dollar	9.4350-9.4560	4.8015-4.8030	Italy	1630-1700
Iran Rial	144.34-148.24	74-76	Japan	385-395
Kuwait Dinar (KD)	0.536-0.546	0.27460-0.27458	Netherlands	4.00-4.10
Luxembourg Franc	59.50-59.60	30.13-30.15	Norway	10.05-10.20
Malaysia Dollar	4.3100-4.3250	2.1890-2.1905	Portugal	88-98
New Zealand Dollar	1.8705-1.8775	0.9490-0.9524	Spain	141-145
Saudi Arabia Riyal	6.57-6.67	3.3590-3.3615	Switzerland	3.30-3.40
Singapore Dollar	4.3730-4.2880	2.1740-2.1750	United States	1.9700-1.9850
South African Rand	1.7022-1.7083	0.8612-0.8643	Yugoslavia	41-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 13	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.977	3.768	388.5	8.648	3.370	4.088	1678	2.326	59.55
U.S. Dollar	0.506	1.	1.906	196.6	4.375	1.705	2.068	848.7	1.177	30.13
Deutsche mark	0.265	0.525	1.	103.1	2.295	0.894	1.085	445.3	0.617	15.81
Japanese Yen 1,000	2.574	5.088	9.698	1000.	22.26	8.674	10.52	4318	5.986	153.3
French Franc 10	1.156	2.286	4.357	449.3	10.	3.897	4.727	1940	2.689	68.86
Swiss Franc	0.297	0.586	1.118	115.3	2.566	1.	1.213	497.8	0.690	17.67
Dutch Guilder	0.245	0.484	0.922	95.05	2.116	0.824	1.	410.4	0.569	14.57
Italian Lira 1,000	0.596	1.178	2.246	231.6	5.155	2.009	2.437	1000.	1.386	35.50
Canadian Dollar	0.430	0.850	1.620	167.1	3.719	1.449	1.758	721.4	1.	25.61
Belgian Franc 100	1.679	3.319	6.327	652.4	14.52	5.659	6.864	2817	3.905	100.

EURO-CURRENCY INTEREST RATES

Dec. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11⅞-12⅜	9⅝-9⅞	7½-8½	8¾-9	[illegible]	3⅛-3¼	6½-7	10-14	—	3⅞-5⅞
7 days' notice	12⅛-12⅝	9¾-10	7½-8½	8¾-9	[illegible]	3⅛-3¼	7½-7¾	12-14	11¼-11⅜	-1½-½
Month	12¾-13⅛	9⅞-10⅛	9¼-9⅝	9½-9¾	[illegible]	3 7/16-3 9/16	9⅜-9⅝	14-15	10 1/16-10 3/16	1-1¼
Three months	13⅛-13½	11-11¼	10⅛-10⅜	9½-9¾	[illegible]	3 7/16-3 9/16	9¾-10	14½-15½	10 15/16-11 1/16	1¾-2½
Six months	13½-13⅞	11½-11¾	10½-10⅞	9⅞-9⅜	¼-⅝	3 7/16-3 9/16	9⅞-10⅛	15-16	11 7/16-11 9/16	2½-2⅞
One year	13 9/16-13 13/16	11⅜-11⅝	10¼-10⅝	8⅜-8⅝	¾-⅞	4-4⅛	10⅜-10⅝	15½-16½	11¼-11⅜	2½-2⅞

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 11.05-11.15 per cent; six months 11.45-11.55 per cent; one year 11.10-11.20 per cent.

Long-term Eurodollar deposits: Two years 10½-10¾ per cent; three years 10½-10¾ per cent; four years 10 5/16-10 7/16 per cent; five years 10 5/16-10 7/16 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates mixed

The foreign currency reserves of the Belgian National Bank and the Netherlands Bank rose once more in the week ended December 11. Belgium's currency reserves rose to BFr 105.541bn from BFr 105.426bn during the week, while Holland's gold and foreign currency reserves increased by Fl 486.2m to Fl 22.5bn.

Deposit rates for the Belgian franc showed little change, with one-month unchanged at 9½-9¾ per cent, and three-month unchanged at 9⅜-9⅝ per cent. Six-month money was quoted at 8⅝-8⅞ per cent, compared with 8⅞-9 per cent previously, and 12-month was also 8⅝-8⅞ per cent, against 8⅞-9 per cent.

In Amsterdam call money fell to 7¾-8¼ per cent from 8-9 per cent previously, but one-month rose to 10⅛-10⅜ per cent from 10-10½ per cent; while three-month was unchanged at 10⅛-10⅜ per cent and six-month 9⅝-9⅞ per cent.

PARIS—Day-to-day money rose to 6¾ per cent from 6⅝ per cent; while one-month eased to 6 9/16-6 11/16 per cent from 6⅝-6¾ per cent, and three-month to 6⅝-6¾ per cent from 6¾-6⅞ per cent. Six-month funds were unchanged at 6⅞-7 per cent, and 12-month fell to 7⅜-7⅝ per cent from 7⅜-7¾ per cent.

FRANKFURT — Call money eased to 3.45-3.55 per cent from 3.50-3.60 per cent, but fixed period rates were firmer. One-month rose to 4.20-4.30 per cent from 4.00-4.10 per cent; three-month to 4.15-4.25 per cent from 4.00-4.10 per cent; and six-month to 4.15-4.25 per cent from 4.00-4.10 per cent, while 12-month was quoted at 4.20-4.30 per cent compared with 4.15-4.30 per cent.

NEW YORK — Federal funds were around 9¾-10 per cent in early trading, with no sign of any intervention by the authorities. Treasury bill rates showed little change, as 13-week bills were quoted at 8.85 per cent, compared with 8.86 per cent late Tuesday; 26-week bills at 9.21 per cent compared with 9.22 per cent; and one-year at 9.24 per cent, compared with 9.23 per cent.

MILAN—Money market rates were unchanged at 10¼-10¾ per cent for call; 11-11½ per cent for one-month and two-month; and 11¼-11¾ per cent for three-month.

HONG KONG—The money market was easy, with call money at 8 per cent and overnight at 5¾ per cent.

UK MONEY MARKET

Small assistance

Early forecasts pointed towards a small surplus of day-to-day credit in the London money market yesterday, but the authorities bought a small amount of local authority bills from the discount houses.

Very large Government disbursements exceeded revenue payments to the Exchequer, while on the other hand banks brought forward modest run-down balances, there was a modest rise in the note circulation, and the market was also faced with a small net take-up of Treasury bills to finance.

Discount houses paid 11¾ per cent for secured call loans in the early part, and although funds were found at 10 per cent, closing balances were generally taken at 11¾-12 per cent.

In the interbank market overnight loans opened at 11¾-12 per cent, and eased to 11-11¼ per cent before picking up slightly to 11½-11¾ per cent at lunch. In the afternoon rates fell to a low point of 9-9½ per cent, but rose sharply to 12¾-13 per cent, before closing at 11½-12 per cent.

LONDON MONEY RATES

Dec. 13 1978	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills φ	Eligible Bank Bills φ	Fine Trade Bills φ
Overnight	—	9-13	—	—	—	12⅝	10-13	—	—	—
2 days notice	—	—	11⅞-12⅛	—	—	—	—	—	—	—
7 days or..	—	—	—	—	—	12⅜	—	—	—	—
7 days notice	—	11⅞-12⅛	12-12¼	—	12⅜-12½	—	11¾-12	—	—	—
One month	12¼-12 1/16	12⅛-12¼	12-12¼	12-12⅜	12¼-12½	12⅝	12	11 5/16	12 3/16	12½
Two months	12 3/16-12⅛	12 1/16-12 3/16	—	12-12⅜	12½-12⅝	12¾	12	11½ 11 9/16	12⅛	12½
Three months	12⅛ 12 1/16	12¼-12⅜	12⅛-12 3/16	11⅞-12¼	12½-12¾	—	11¾	11 7/16-11⅝	12 1/16-12 3/16	12½
Six months	12 1/16-11 15/16	12 1/16-12 3/16	11¾-12	11⅞-11¾	12½-12⅝	—	—	—	11 13/16-11 15/16	12¾
Nine months	11 13/16-11 15/16	11 15/16-12 1/16	—	11⅝-11⅞	12-12¼	—	—	—	—	—
One year	11 11/16-11⅝	11⅞-12	11⅝-11¾	11⅝-11⅞	12-12¼	—	—	—	—	—
Two years	—	—	12-12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12½-12¾ per cent, four years 12½-12¾ per cent, five years 12½-12¾ per cent. φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞-11 15/16 per cent; four-month trade bills 12⅛ per cent.

Approximate selling rates for one-month Treasury bills 11 5/16 per cent; and two-month 11½-11 7/16 per cent; three months 11 7/16-11 15/32 per cent. Approximate selling rate for one-month bank bills 12-12 1/16 per cent, two-month 12 per cent, and three-month 11 15/16 per cent; one-month trade bills 13 per cent; two-month 12¾ per cent; and also three-month 12⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5562 per cent.

GOLD

Little change

Trading in the London bullion market was described by one dealer as a non-event, and gold closed unchanged from its opening level and only $1 an ounce up from Tuesday's close at $202¾-203¾. The metal was fixed during the morning at $203.00 and $202.85 during the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 28,850 per kilo ($204.63 per ounce), compared with FFr 28,800 ($204.51) in the morning and FFr 28,750 ($204.53) on Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 12,480 per kilo ($203.50 per ounce) compared with DM 12,460 ($203.92) previously.

	Dec. 13	Dec. 12
Gold Bullion (a fine ounce)		
Close	$203¾-203¾	$202¾-203
Opening	$202¾-203¾	$204¾-205¼
Morning fixing	$203.00 (£103.061)	$204.05 (£103.160)
Afternoon fixing	$202.85 (£102.849)	$201.90 (£102.487)
Gold Coins, domestically		
Krugerrand	$214½-216½ (£108½-109½)	$214½-216½ (£109-110)
New Sovereigns	$61½-63½ (£31-32)	$61½-63½ (£30½-31½)
Old Sovereigns	$59-61 (£29½-30½)	$59½-61½ (£30½-31½)
Gold Coins, internationally		
Krugerrand	$208½-210½ (£105½-106½)	$208½-210½ (£105½-106½)
New sovereigns	$53½-55½ (£27-28)	$53½-55½ (£27-28)
Old Sovereigns	$59-61 (£29½-30½)	$59½-61½ (£30½-31½)
$20 Eagles	$285½-285½	$285½-287½
$10 Eagles	$157½-162½	$160-165
$5 Eagles	$105½-110½	$107-110

MONEY RATES

NEW YORK

Prime Rate	11.5
Fed Funds	9.9375
Treasury Bills (13-week)	8.85
Treasury Bills (26-week)	9.21

GERMANY

Discount Rate	3
Overnight	3.50
One month	4.25
Three months	4.20
Six months	4.30

FRANCE

Discount Rate	9.5
Overnight	6.75
One month	6.625
Three months	6.6875
Six months	6.9375

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

Why Tunnel is delving into new territory

Richard Lambert on Tunnel Holdings' bid for Barrow Hepburn's chemical business

LAST WEEK'S £10½m takeover bid by Tunnel Holdings for Barrow Hepburn's chemical business marked the culmination of a series of changes which started at Tunnel five or six years ago. If it is successful—and it has yet to be agreed by both sets of shareholders—Tunnel will have transformed itself from being a poor number three in the UK cement industry into a diversified holding company, with significant overseas interests.

Tunnel's present management took over the reins in the early 1970s and was immediately faced with some painful decisions. The group was heavily committed to the UK cement industry, where the scope for volume growth was very bleak. It had some ancient plant, with operating economics that were to be shattered by the aftermath of the oil crisis. If it was to maintain its position in the industry, it faced a requirement for very substantial investment in new cement plant.

Instead, it opted to get smaller. "We decided not to make a god of market share," says Mr. Derek Birkin, the chairman and managing director. "The alternative we chose was to concentrate on the rump of our business which could be made fully competitive and profitable."

As a result, Tunnel closed down its West Thurrock works in Essex, which had an annual capacity of around 1m tonnes of cement — and dated back in parts to before World War I. It has also shut down other facilities in England and Scotland, and the result is that its overall market share has fallen in recent years from over 14 per cent to around 10 per cent.

The profitability of the cement business is still not very attractive—Tunnel's return on capital employed has varied between about 14 and 17 per cent in recent years. But profits have improved on the smaller manufacturing base, and Tunnel is not going to have to make any substantial new investment in the cement business for years to come. So it has been generating surplus liquidity and its balance sheet has improved to the point where the current bid can comfortably be financed out of cash balances.

Tunnel made another important move as a prelude to its diversification move. The group used to be highly centralised, and the cement side—naturally enough—ruled the roost. In recent years it has moved to the opposite extreme by breaking itself up into autonomous divisions. One important reason for the change was to make it easier to graft new businesses on to the group. In 1975, Tunnel dropped the word "cement" from its company name, and last year it appointed a general manager in control of all cement operations.

So the group was building up the cash with which to diversify, and also the kind of organisation which would make such a move possible. It had a false start in 1973, with a grandiose scheme to pull together a major force in the European floor covering industry. The plan came to nothing, but Tunnel ended up with nearly 30 per cent of the shares in Nairn Williamson, which it subsequently sold on to Unilever at a loss.

The next step came in 1976-1977, when Tunnel took a sizeable interest in a new chemical process for waste disposal known as "Sealosafe." In partnership with Leigh Interests, it established facilities on its old West Thurrock site which are now in operation converting waste into a non-polluting synthetic rock, suitable for use in land reclamation.

Mr. Birkin hopes that in five to seven years time this operation will be a significant profit earner for Tunnel. However, management was anxious not to become overexposed to a single, relatively untried process. When it came to tackling the North American market, the financial muscle and expertise of a major multi-national was required. So RTZ has taken a controlling interest in developing Sealosafe in the U.S.

This process turned Tunnel's eyes to the speciality chemical industry as a target for its long planned diversification. The board established several criteria. The purchase had to be big enough to be worthwhile. For Tunnel, which last year made profits of £6.5m, that meant something earning over £1m pre-tax.

The acquisition had to generate at least half its earnings overseas, ideally in the U.S. It had to produce high added value, but not require substantial lumps of capital spending. It had to be something which Tunnel thought it could cope with, and to bring with it an established management team.

The group thumbed its way through the speciality chemicals sector for about a year, and began to despair of finding anything available. Then Barrow Hepburn's financial problems became public knowledge. At last someone was prepared to talk.

The business seems to fit most of Tunnel's requirements. Overseas subsidiaries accounted for nearly two-thirds of its profits in 1977, which amounted to £1.2m pre-tax. It has just 246 employees, each generating sales of £48,000. It operates from small plants designed to produce a variety of one-off products for individual customer's needs. It has a well-established management, which seems to have responded to Tunnel's approach with enthusiasm.

Tunnel directors visited all the plants, apart from a few in Australasia. And after prolonged negotiations — which several times came close to breaking down altogether—a deal was finally concluded last week.

The products which Tunnel is taking over are of two main types—synthetic sizing agents and related chemicals for the textile industry, and a range of products for the suppression of foam in industrial processes. These two types accounted for 57 per cent and 33 per cent respectively of last year's sales.

Mr. Birkin says that it is the kind of business which the chemical giants are not interested in, because there is not sufficient volume of demand for any particular product. It is very much a service operation with no brand names; its chemicals disappear into the finished product, and represent only a tiny part of total costs. And it seems to be quite a fragmented industry with few companies in direct competition except across relatively narrow sectors of their business.

Tunnel reckons that volume growth in the various products which it is buying into can range from 17 to 30 per cent a year, and suggests that its nearest equivalent among quoted companies is Allied Colloids, which boasts a strong growth record.

Competitors in the chemicals sector say that Tunnel is buying a good management team which could benefit by new ownership. The suggestion is that the business has been held back in the past, originally by the fact that Barrow was more interested in its leather business, and more recently by the financial constraints imposed on Barrow by its troubles in the tanning industry, and by the very substantial losses which have emerged in a hide trading subsidiary in Glasgow.

Between 1973 and 1977, chemical sales rose from £5.1m to £14.2m, and profits from £723,000 to £1.2m. Profits growth has not been interrupted: last year, for instance, Barrow's French company faced a sharp decline partly as a result of difficult conditions in the textile industry. This year, however, profits are expected to rise to a record £1.7m.

For its part, Tunnel is plainly plunging into new territory with this bid. But thanks to the fact that it is buying subsidiaries of Barrow Hepburn company rather than a quoted company outright, it has been able to do an unusual amount of homework on the deal. Its detailed investigations have extended down to plant level. Barrow, which had obviously been forced to reconsider its own future shape, had already commissioned an accountants' report on its chemicals side before Tunnel showed up on the scene. If the move does not work out well after all these years of preparation, Tunnel will have no-one to blame but itself.

But if it does go to plan, Tunnel will end up with a substantial and growing interest outside the cement industry, with nearly a third of its profits coming from overseas, and with a small initial improvement in its earnings per share. The objective established in the early 1970's will have been largely achieved.

هكذا من الأصل

هكذا من الأصل

Wall St. again mixed in light early trading

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—81¼% (80¼%)
Effective $1.9755 37¾% (37%)

STOCKS ON Wall Street again presented a mixed appearance at mid-session after fluctuating within narrow limits during light early trading.

The Dow Jones Industrial Average, after hardening to 815.58 at 11.00 am, was a net 1.04 easier at 813.93 at 1 pm. The NYSE All Common Index lost 8 cents to $53.94, while declines held a small lead over gains of about six-to-five. Turnover, at 15.01m shares, was barely changed on Tuesday's 1 pm level of 15.29m.

Closing prices and market reports were not available for this edition.

The slow trading pace reflected caution ahead of an expected oil increase to be decided by OPEC nations this weekend, analysts said.

Additionally, they said there is no concensus on Wall Street about the outlook for interest rates, with some leading economists predicting a peak soon and others warning of record high levels next year.

Turmoil in Iran was cited as another uncertainty which is keeping traders on the sidelines.

Uarco topped the actives list and lost 1½ to $49. It has agreed to merge with City Investing at a price of $52 a share.

Marathon Manufacturing, also active, climbed 2¼ to $28¼. It has received an offer for its shares at $34 each but rejected the bid. The company did not name the potential buyer, but separately Maremont stated that it had expressed interest in Marathon. Maremont eased ⅛ to $19⅞.

Texaco shed ⅛ to $24⅞ and National Airlines ¼ to $37. National is the focus of a three-sided battle for control. Eastern Airlines made the latest offer at $50 a National share and was unchanged at $9¼.

IBM receded ⅛ to $275⅛ and Teledyne ⅛ to $95½.

Checker Motors jumped 6¾ to $35½ on the Midwest Stock Exchange. Oppenheimer and Co., a brokerage concern, wants to buy Checker for $49m.

Dravo rose 3¼ to $33¼, but it could not explain the rise. Revlon lost 1¼ to $52½.

THE AMERICAN SE Market Value Index was 0.24 firmer at 151.90 at 1 pm after a small business, although losses outpaced rises by a four-to-three margin. Volume 1.53m shares (1.59m).

Presley lost ½ to $8¼ on reporting a fall in fiscal third-quarter profits. Bowne shed ⅛ to $18⅝ despite sharply higher fourth-quarter net earnings.

Canada

There was again no clear trend on Canadian markets yesterday morning in moderate activity. The Toronto Composite Index hardened 0.7 to 1,292.4 at midday, while Banks gained 0.73 to 312.52 but Oils and Gas shed 2.8 to 1,781.1.

Hudson's gained ⅛ to C$21½. The company said it is proceeding with its bid for Simpsons, which on Tuesday announced a sweetened merger offer with Simpsons-Sears. Both remained halted for the second day.

Tokyo

Despite fears of possible margin trading curbs, the market attracted fresh buying, leaving the Nikkei-Dow Jones Average 18.00 higher at a new all-time closing peak of 6,097.26. The Tokyo SE index advanced 1.22 to 452.60, while volume reached 430m shares, against Tuesday's 350m.

Steels, Heavy Electricals and Synthetic Textiles figured prominently in the market advance, with Nippon Steel rising Y4 to Y128, Kawasaki Steel Y6 to Y133, Toshiba Y3 to Y156 and Toray Industries Y4 to Y183.

Toyobo gained ground on news of a net profit in the past half year following a net loss in the previous half-year period.

Precision Instruments, including Ricoh and Fuji Photo Film, up Y15 at Y634, were also preferred, but Pharmaceuticals generally reacted on profit-taking. Toyama Chemical lost Y14 to Y965 and Fujisawa Pharmaceutical Y20 to Y1,200.

Mitsui retreated sharply on strong selling pressure in the morning trading on Press reports from Iran that construction of an Iran-Japan petrochemical factory may be delayed because of political turmoil. The construction is being undertaken by the Mitsui Group and Iranian authorities, and Mitsui has reportedly invested about Y275m in the project. However, Mitsui shares rebounded towards the close to finish only Y1 down on the day at Y292.

Paris

Market remained in easier vein, with the Metals sector particularly undermined by recent announcements of large-scale workforce reductions by steelmakers Sacilor-Sollac and Usinor-Chatillon-Neuves-Maison.

Sacilor fell 9 per cent, while elsewhere in Metals, Creusot Loire receded 1.5 to FFr 60.

Banks, Foods, Electricals, Oils and Motors were predominantly lower, while Hotels and Construction shares were mixed.

Among the more noticeable declining issues were Comptoir des Entrepreneurs, Silic, Mumm, Peugeot-Citroen, Maisons Phenix, Pernod Ricard, Michelin, Poclain, Borel, Presses de la Cite, BHV, Matra, Esso, Rhone-Poulenc and Applications des Gaz.

Firm exceptions were provided by Ruche Picarde, Generale Entreprises, Kali, Alspi, CEM, Legrand, Cotelle and Maritime Chargeurs Reunis.

Germany

Stocks tended to drift easier in very slow trading, pushing the Commerzbank index down 4.0 to 825.9. Brokers cited the lack of interest as being the prime cause of the decline.

Among Electricals, AEG stood out with a loss of DM2.50 at DM78.50, while Siemens shed 50 pfennigs. Motors had BMW DM3.50 weaker at DM222.50, and Daimler-Benz and Mercedes each DM2 softer, while Horten, in Stores, receded DM4 to DM155. Deutsche Conti Gas retreated DM4, but Gutehoffnungshuette, in Engineerings, hardened DM1 to DM241.50 against the trend.

Public Authority Bonds were mostly unchanged after a small turnover, with the Bundesbank selling a nominal DM0.2m of paper.

Milan

Prices mostly lost ground in fairly active trading yesterday ahead of the closure of the monthly account today, which also ends the Bourse year.

Socialist and Communist parties' opposition to Italy's immediate entry into the proposed European Monetary System depressed market sentiment.

Montedison declined 11.25 to L156.75 and Fiat 40 to L2,795, but against the downtrend, Olivetti privileged put on 15 to L1,125 and Italsider 6.75 to L324.75.

Amsterdam

Market showed a softening tendency, although declines were modest.

Alrenta, the new investment fund of Algemeine Bank, was indicated at Fl 100 on its first day of trading yesterday.

State Loans weakened, recording losses extending to Fl 40, reflecting the increase in interest rates. The 8¾ per cent 10-year State Loan was traded 0.70 below its issue price of 100.2 per cent.

Hong Kong

Share prices further declined in a quiet business, with the Hang Seng index finishing 10.70 lower at 503.11.

Hong Kong Bank receded 30 cents to HK$17.20, Jardine Matheson and Swire Pacific 20 cents each to HK$11.80 and HK$7.50 respectively, Hong Kong Land 10 cents to HK$7.80 and Hutchison Whampoa 5 cents to HK$4.10.

Outside the leaders, Hong Kong Telephone lost 50 cents to HK$28, Cheung Kong 20 cents to HK$8.50, KMB 15 cents to HK$4.70 and Sun Hung Kai Securities 4 cents to HK$1.90.

Johannesburg

After Tuesday's good gains, Gold shares were mixed with an easier bias yesterday in light trading. Doornfontein shed 20 cents to R5.05 following a dividend announcement.

Mining Financials were unchanged to harder, with Witwatersrand Deep up 50 cents at R7.00 on its dividend declaration. Diamond share De Beers rose 5 cents more to R7.90.

Platinum issue Implats put on 5 cents to R4.00, while in Coppers, MTD Mangula advanced 7 cents to R1.10. Other Metals and Minerals were barely tested.

Industrials were firmer-inclined in moderate dealings, with sentiment underpinned by institutional interest.

Australia

Stocks again moved irregularly, with movements in either direction mainly small.

BHP, on rumours of an oil show in a South-west Queensland well, were notable for an advance of 8 cents to A$8.98. The speculative interest, however, failed to reach the Oils sector, where shares were mostly a shade easier, where changed.

Among Retailers, G. J. Coles hardened a cent to A$2.19 following news that the Federal Government has cleared the K-Mart deal. Woolworths put on 2 cents to A$1.53.

Bundaberg Sugar shed 5 cents and CSR were 3 cents off at A$3.35, while Banks had National 3 cents firmer but ANZ, at A$3.95, 3 cents lower.

Central Norseman Gold rose 15 cents more to A$12.05, while in Coal Mining issues, Oakbridge climbed 4 cents to A$1.62.

Elsewhere in Minings, Mount Lyell improved 5 cents to 50 cents and Metals Exploration 3 cents to 35 cents, but Uraniums had Pancontinental 20 cents lower at A$9.60 and Peko-Wallsend off 6 cents at A$5.48.

Switzerland

Bourse prices edged ahead in moderate activity, helped by a firmer dollar.

Sandoz gained 75 to SwFr 3,800, Jelmoli 15 to SwFr 1,1385 and Ciba Geigy Participation Certificates 15 to SwFr 870.

Banks and Insurances were generally higher, but Swiss Reinsurance receded 20 to SwFr 4,580.

Domestic and Foreign Bonds also improved in light volume.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
● Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

NEW YORK

Stock	Dec. 12	Dec. 11
Abbott Labs	34¼	34⅛
Addressograph	23⅛	23⅝
Aetna Life & Cs.	40¼	40⅞
Airproducts	24⅝	24⅛
Alcan Aluminium	34	34
Alcoa	48¼	48¼
Allegh. Ludlum	15⅜	15⅛
Allegheny Power	16½	16⅛
Allied Chemical	29⅝	29¾
Corning Glass	57	57⅞
CPC Int'n'tio'al	50⅝	49½
Crane	24	24⅛
Crocker Natl.	25	25
Crown Zellerbach	31	31
Cummins Engine	35⅛	32⅛
Curtiss Wright	15⅛	14
Dana	27¾	28¼
Dart Industries	40½	41
Deere	34⅝	34⅝
Johns Manville	23¾	23½
Johnson Johnson	74⅜	75½
Johnson Control	24⅜	24⅛
Joy Manufacturing	29⅝	29¾
K. Mart Corp.	22⅞	23
Kaiser Aluminium	18⅛	18⅜
Kaiser Industries	2	2
Kaiser Steel	18¾	18⅞
Kay	12	12
Kennecott	22⅝	22½
Kerr-McGee	46½	46⅞
Kidde Walter	29⅝	29¾
Revlon	54	54⅞
Reynolds Metals	34½	34¾
Reynolds R. J.	59¼	59½
Rich'son Merrell	23⅝	23¾
Rockwell Inter.	35	35⅛
Rohm & Haas	32¾	32½
Royal Dutch	58⅝	58¾
RTE	10⅞	11
Russ Togs	10	10⅛
Ryder System	25⅛	24⅝
Safeway Stores	40¼	40⅛
Woolworth	19⅛	19⅛
Wyly	4½	4⅛
Xerox	53⅝	54
Zapata	10⅞	11
Zenith Radio	13	13⅛
U.S. Treas. 4% 1980	†94⅛	†94
US Treas. 4¾% 75/85	†78⅝	†78⅝
U.S. 90-day bills	8.84%	8.92%

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
American Express Bk.	12½%
Amro Bank	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

Indices

NEW YORK—DOW JONES

	Dec. 12	Dec. 11	Dec. 8	Dec. 7	Dec. 6	Dec. 5	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	814.97	817.65	811.88	816.09	821.90	820.51	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	86.40	86.58	86.47	86.56	86.49	86.31	90.86 (4/1)	86.12 (13/11)	—	—
Transport	214.16	216.64	215.45	216.60	218.20	218.20	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.25 (8/7/32)
Utilities	100.66	101.12	101.08	101.23	101.52	100.78	110.88 (5/1)	98.55 (14/11)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	22,210	21,000	18,560	21,240	29,830	25,690	—	—	—	—

– Basis of Index changed from Aug. 24 ◆ Day's high 821.90 low 811.60

Ind. div. yield %	Dec. 8	Dec. 1	Nov. 24	(Year ago approx)
	5.97	5.97	5.83	5.63

STANDARD AND POORS

	Dec. 12	Dec. 11	Dec. 8	Dec. 7	Dec. 6	Dec. 5	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.51	107.87	107.26	107.81	108.34	108.30	118.71 (12/9)	95.52 (6/5)	134.64 (11/1/73)	3.55 (30/6/32)
§Composite	96.59	97.11	96.63	97.08	97.49	97.44	106.99 (12/9)	86.90 (6/5)	125.85 (11/1/73)	4.40 (1/6/32)

	Dec. 6	Nov. 29	Nov. 22	Year ago (approx.)
Ind. div. yield %	5.05	5.23	5.12	4.96
Ind. P/E Ratio	8.77	8.75	8.90	8.92
Long Gov. Bond yield	8.74	8.75	8.67	7.86

N.Y.S.E. ALL COMMON

Dec. 12	Dec. 11	Dec. 8	Dec. 7	1978 High	1978 Low
54.03	54.51	54.06	54.30	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Dec. 12	Dec. 11	Dec. 8
Issues Traded	1,910	1,914	1,851
Rises	500	783	522
Falls	962	700	863
Unchanged	448	431	466
New Highs	14	14	10
New Lows	53	33	28

MONTREAL

	Dec. 12	Dec. 11	Dec. 8	Dec. 7	1978 High	1978 Low
Industrial	217.51	217.96	217.80	217.41	222.14 (11/10)	162.90 (16/2)
Combined	224.50	224.70	224.64	224.26	225.61 (12/10)	170.62 (30/1)
TORONTO Composite	1291.7	1295.5	1295.0	1290.5	1332.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	(u)	(c)	(c)	228.2	272.0 (14/8)	186.0 (20/4)
Industrial	(u)	(c)	(c)	257.7	281.8 (1/11)	194.3 (13/3)

	Dec. 13	Pre-vious	1978 High	1978 Low
Australia(¶)	541.39	540.57	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	97.70	97.45	101.18 (8/8)	90.43 (23/6)
Denmark(**)	91.18	91.16	98.96 (14/5)	86.08 (30/10)
France (††)	77.0	77.6	83.0 (4/10)	47.6 (3/2)
Germany(‡‡)	825.9	829.9	863.8 (19/10)	769.4 (17/5)
Holland (§§)	78.6	79.1	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	503.11	513.81	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	69.29	69.83	82.25 (25/9)	55.45 (10/1)
Japan (a)	452.60	451.38	452.60 (13/12)	364.04 (4/10)
Singapore(b)	346.60	349.27	414.50 (8/9)	252.0 (9/1)
Spain (d)	90.17	90.93	110.78 (9/6)	87.88 (17/3)
Sweden (e)	366.25	367.70	408.00 (4/8)	326.74 (3/1)
Switzerld(f)	265.6	263.4	323.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
General Motors	395,400	56½	—
GAF Corpn.	322,800	11⅞	−⅛
Texaco	291,100	24½	—
National Airlines	252,200	37⅛	+5⅜
S. California Edison	248,900	25½	−⅛
Eastman Kodak	245,000	60⅞	−⅛
Sears Roebuck	224,300	21⅛	−⅛
Utd. Technologies	213,000	35⅞	−⅛
Texas Utilities	203,300	19⅞	—
House Fabrics	194,500	5⅞	−⅛

AUSTRALIA

Dec. 13	Aust. $	+ or −
ACMIL (25 cents)	†0.70	......
Acrow Australia	†1.03	+0.02
AMATIL $1	†2.11	+0.01
Ampol Exploration	†1.32	+0.01
Ampol Petroleum	†0.74	−0.01

OSLO

Dec. 13	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	105.50	......	9	8.5
Borregaard	69	+1	—	—
Creditbank	119.0	+0.5	11	8.4
Kosmos	290.0	−2.5	20	6.9
Kreditkassen	114.5	+0.5	11	9.6

CANADA

GERMANY ◆

TOKYO ¶

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ♦

COPENHAGEN ♣

VIENNA

PARIS

STOCKHOLM

MILAN

BRAZIL

JOHANNESBURG

SPAIN ●

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

THE JOBS COLUMN

True tales from Whitehall and the City

BY MICHAEL DIXON

THIS IS the last Jobs Column until the new year. So it seems appropriate to pass on to readers the best stories to do with employment that I have heard in 1978. The first is about the real-life experience of two members of the last Conservative Government.

The leading character is a Member of Parliament who had just been appointed to his first job as a Minister in charge of a Whitehall Department taking it over from a fairly close acquaintance who had been simultaneously transferred to a more senior ministerial appointment elsewhere.

Full of the joys of top responsibility, the new Minister took a taxi to his department the first morning and strode up to its doors relishing the prospect of showing what new blood could do.

As he reached the door, it was opened by a smart commissionaire who bade him good-morning and welcome and ushered him to a lift which had obviously been kept waiting for his personal use. When the lift arrived at the ministerial floor, its doors opened on a line of four well groomed people drawn up behind the genial figure of the department's permanent secretary.

This eminent civil servant first introduced himself to the new political chief, then welcomed him warmly, and introduced him to his very own private secretary and other personal staff. The introductions over, the party accompanied him to a spacious if somewhat gloomy room with efficient subsidiary furnishings and a stupendous, empty desk.

As the newcomer rolled his eye over his domain, his personal staff moved off to their work and the permanent secretary quietly closed the door behind them before saying: "Now, Minister, perhaps you would allow me to give you a *brief sketch of your department's position*."

The MP had of course heard the various parliamentary legends about the tendency of top civil servants to treat their temporary political masters rather as a fresh-faced subaltern might be treated by a well bred, introverted Regimental Sergeant Major. But as he listened to his permanent secretary, he realised that those legends must be exaggerated. Every word the mandarin spoke testified to his co-operativeness, common sense, and acceptance of the new Minister as an equally intelligent being.

When the briefing and one or two preliminary questions and answers were over, the permanent chief asked permission to return to his own work, adding as he left: "If you would care to look now at your current files, Minister, your secretary has them ready. I trust that you will agree that they show the affairs of the department to be in very satisfactory order."

Quietly delighted by all this evidence of his importance the politician pressed his bell and an armful of trimly kept files was brought in. It did not take him long to go through them because, as the civil servant had indicated, everything was in good order.

Frustrated

He went through the files *again, punctiliously*. But the repeat reading only confirmed that all matters of any importance were proceeding with admirable efficiency. He began to feel the frustration natural to all decision-makers imprisoned in a land where everything has already been decided. Surely there must be at least one thing needing his attention, he thought. Then he had an idea.

He lifted a telephone and asked to be put through to his friend who, until the previous evening, had been in charge of the same department. The call came through on the scrambler 'phone, which restored the new Minister's confidence a bit. So he sat back with his feet on the empty desk and said into the receiver:

"Oh hello, sorry to trouble you, but I feel in need of a bit of advice. You see, I've had a briefing from the permanent secretary and gone carefully through all the files, and as a result I'm now sitting with my feet up on my desk, looking out *at Trafalgar Square with an* awful feeling that there's nothing important that I've got to do. But I'm sure that there must be something that you hadn't completed. So I hoped you *would* give me *some* pointers."

There was a second's silence before the voice at the other end of the line asked: "What was that you said?"

"I *said* that I *thought* when you left there must have been things that you hadn't yet finished. So I was hoping that you might give me some guidance on any action that's needed."

"No," said the friend. "I heard that bit the first time. What did you say before it . . . about how you were sitting?"

"Ah," the new Minister replied. "I said that because *there doesn't seem to be anything* important to do. I'm sitting here with my feet up on the desk just gazing out into Trafalgar Square."

There was another pause, then: "Yes, there is something for you to do," said the voice at the other end, "and it's so important that if you want to keep any credibility in that department, you'll have to do it right now. You must go to the *permanent secretary and* demand that he immediately puts things back as they were before. The Minister shouldn't be looking at Trafalgar Square. He should be looking at Horse Guards *Parade*. Somewhere between last night and this morning, that wretched mandarin has pinched your office."

Flabbergasted

THE SECOND tale is about a London-based executive recruiter who went to lunch at the headquarters of a highly esteemed client, which *happened to be an aristocratic* concern in the City.

Naturally the head-hunter, a specialist in "search" methods, complimented his hosts on the meal. But they replied sadly that standards in their dining room were no longer what they had been before the demise of the firm's butler. "We've advertised for a replacement, but there just don't seem to be any people of the right type *on the market," the guest was* told.

With his confidence strengthened by some excellent wine, the recruiter thereupon decided that if executive-search could find capable directors, it could also find admirable butlers. And he immediately volunteered to provide the client with the desired person, free of any charge.

The hosts' response was to *pass the port again with gusto*, one of them saying: "Jolly good. I can't wait to tell our chairman. He'll think it's the best news there has been all year."

Returning to his own office, the head-hunter began running through his contacts, and before very long, certain august personages began calling at the office to see him. After *interviewing the first couple, he was* amused to find that his receptionist and other secretarial staff had been impressed by the callers' stately bearing and dignified speech to the extent that it was being whispered around that the head-hunter had landed the contract for recruiting a new Governor of the Bank of England, or something similar.

But as more of the callers arrived, and the office staff's reverence increased, he decided that it would be cruel to carry the joke any farther. He called the staff in and told them what was really going on.

Some weeks had passed by this time, and the City client's titled chairman was growing impatient. So he rang the head-hunter's office, and asked in his cut-glass accent: "Put me through to the chap who's looking for the butler, will you?"

"I'm sorry: he's out today," replied the receptionist. "But not to worry. He's seeing another candidate for the job tomorrow afternoon, and *if you just pop round* about three o'clock. I'm sure he'll interview you for it, too."

هكذا من الأصل

FINANCIAL CONTROLLER

Ashford, Middlesex **to £11,000+car**

Our client is the major division of a multi-national company. Specialising in the manufacture and marketing of office and business equipment, they have been particularly successful in penetrating the U.K. market.

To strengthen the central finance function, the company is now seeking to recruit a Financial Controller. Reporting to the Finance Director, the successful candidate's duties will involve direct responsibility for the financial administration of the company, including cash management, financial reporting and the extension of computer-based systems.

Applicants, aged between 27-32, must be qualified accountants who have gained at least 2/3 years' experience within a progressive industrial or commercial environment. They must be able to motivate staff successfully, interpret and analyse financial information, and as part of the Senior Management team, positively contribute to the company's commercial development.

The successful candidate should be capable of developing the stature necessary for board appointment within 2/3 years.

For more detailed information and a personal history form, contact Nigel V. Smith A.C.A. or Howard Amos B.A. quoting reference 2331.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Assistant Financial Controller

Lancashire **to £7500**

- For the UK subsidiary of the world's largest manufacturer and distributor of merchandising equipment.
- Providing excellent experience in management reporting, budgetary control, standard costing and general accounting based on the planned installation of a mini-computer in early 1979.
- Open to qualified accountants aged 25-30, with at least 2 years accounting experience in a manufacturing environment.
- Relocation expenses to a pleasant part of the Lancashire coast will be paid in appropriate circumstances.

Initial interviews will be held in Manchester and London.
Please reply in confidence giving concise personal and career details, quoting Ref. T900/FT. to D. E. Shellard.

AYMS
Arthur Young Management Services
Rolls House, 7, Rolls Buildings
Fetter Lane, London EC4A 1NL

Managing Director

London **to £17,500**

This Board appointment is with a subsidiary company of a fast expanding Engineering Group with interests in the United Kingdom and overseas.

The Managing Director will be responsible for a £15m company engaged in the design and installation of turnkey projects for cold storage plant and buildings in demand throughout the Middle East. Major objectives will be to expand and develop the business to an acceptable level of profitability.

It is essential to have held a senior executive appointment including contract negotiation and site management of engineering plant and equipment in the UK and preferably in the Middle East.

Initial remuneration will be negotiable to £17,500 plus car and other benefits.

Please apply, in confidence, for application form, to D. G. de Belder, Knight Wegenstein Ltd., 75 Mosley Street, Manchester M2 3HR, quoting Ref. No. 68194, or tel. 061-236 0987.

Knight Wegenstein Limited
Executive Recruitment Consultants
Management Consultants and Consulting Engineers
London · Manchester · Zurich · Dusseldorf · Madrid · Paris · Stockholm · Vienna · Chicago

CHLORIDE

Group Personnel Executive

London **neg. c. £20,000**

The outstanding growth of the Chloride Group is one of the business success stories of recent years. Today the Group operates in 36 countries where it employs some 22,000 people, half of them in the U.K. and has a turnover in excess of £300 million. The Group intends to strengthen still further its already pre-eminent position in the storage and use of silent pollution-free power and this has revealed the need for a top level executive to develop further the Chloride Personnel function.

The new person will be responsible to the Chief Executive and be a member of the Group Executive Panel. All personnel policy matters will fall within the brief. The Group Personnel Executive will head up a small Head Office team of specialists and provide a service to the Group. As a member of several top-level policy-making committees he/she will be expected to contribute to the overall business of the Chloride Group.

Candidates of the calibre we are seeking will be among the first rank of professionals and will currently be directing the personnel function of a sizeable industrial complex within an international organisation. In their 40's, they will probably be well qualified academically and must have practical experience covering most personnel matters as well as involvement in the broader, longer-term affairs of their companies.

For the right person success in this demanding new role could lead to a major general management position in the future.

Salary will be by negotiation and there is an attractive range of other benefits.

Please write or ring in the strictest confidence to:—Philip Plumbley.

Plumbley/Endicott & Associates Ltd.,
Management Selection Consultants,
Premier House, 150 Southampton Row,
London WC1B 5AL, Tel: 01-278 3117.

Manufacturing Company in Central London Require a

SALES MANAGER

The company manufactures costly merchandise of immaculate quality and has a high reputation for its products and service. Applicants should be in the 35 year age group, be able to prove past success, and to train and control a small team of salesmen/women. An understanding of general marketing techniques an advantage. The path to a seat on the Board and a possible managing directorship is open.

Please write, giving full details of career and experience, to:

WILLIAM COMYNS & SONS
Comyns House, Tower Street
London WC2H 9NS

Group Accountant

Bristol c. £8,500 plus car

UBM is one of Europe's largest builders' merchants with interests in a diverse range of businesses principally related to the construction industry. Recent acquisitions include a number of Ford Main Dealerships. With 8,500 employees, exports to nearly 100 countries, and a turnover in excess of £250 million, UBM operates in a dynamic, highly competitive environment which places heavy demands on accountancy skills.

Reporting to the Group Financial Controller, you'll liaise with senior management in over 20 separate trading companies and control a small Head Office staff. Specific tasks will include the preparation of management information for the Group Board, producing the Group's published annual and half-yearly accounts and managing the Group Accounts Department. An overriding priority will be to ensure that operating companies adhere to agreed financial and management accounting policies.

Ideally, you should be a qualified Chartered Accountant, trained in a large professional firm, with a minimum of three years' industrial or commercial experience and able to operate with equal effect at all levels of management. You must be able to communicate with clarity in both speech and writing. Man management skills are essential.

Salary is negotiable around £8,500. The attractive benefits package includes a company car. Where required, we offer generous assistance with relocation to Bristol – now one of the UK's leading commercial centres. The present opening is due to promotion. Career prospects in general are outstanding, and not necessarily confined to the financial area.

Please send a brief resume of your career so far to:
Mr. I. Manson,
Management Development Adviser,
UBM Group Limited,
Winterstoke Road, Bristol, BS99 7PL.

UBM

PORTFOLIO MANAGEMENT OPPORTUNITY

TRUST CORPORATION OF BAHAMAS LIMITED, a member of the Roywest Group of Trust Companies whose principal shareholders are the Royal Bank of Canada and National Westminster Bank, requires a Portfolio Manager for its Investment Department in Nassau. After a period of orientation, the candidate will become responsible for the management of individual trust and discretionary portfolios.

Probably a graduate in economics or business finance, the candidate will have at least five years' experience in portfolio management, preferably in the international area. It is important that the candidate have good writing skills, be articulate and have a thorough grounding in investment practice.

Salary, which will be in the region of $20,000, will be dependent on experience and ability. Additional benefits include housing allowance, annual return air fare, and pension and medical insurance.

Candidates are invited to send career information to:

CHIEF INVESTMENT OFFICER
TRUST CORPORATION OF BAHAMAS LIMITED
P.O. BOX N-7788
NASSAU, BAHAMAS

STOCKBROKERS

We are a medium sized firm of London stockbrokers with a broadly based business. It is our opinion that over the next two or three years there will be a contraction in the number of London broking firms. We have a determination to survive and succeed and we are therefore taking action now to broaden further the extent of our business.

We would like to hear from small firms, group and individuals with an established clientele with a view to exploring the possibility of their joining us in what we consider to be an exciting future for those determined to make it so.

Please reply to Box A6566, Financial Times, 10, Cannon Street, EC4P 4BY.

DIVISIONAL CHIEF ACCOUNTANT/SECRETARY

Thames Valley **c. £11,500 + car + benefits**

As a result of promotion this key position has arisen in the Divisional Headquarters of a leading U.K. based food group. A qualified accountant, ideally aged around 35, is to be appointed to be responsible to the Managing Director for the effective control of the Finance and Secretarial functions which include the further development of accountancy systems and the control of legal and trading contracts. As Secretary also of the Management Committee he/she will contribute to commercial decision-making and provide the Division's subsidiary companies with appropriate advice on all financial/secretarial matters. Candidates should have relevant experience in a large manufacturing/marketing environment, the ability to motivate staff and the personality to liaise with executives of all disciplines at every level.

Applications to Miss Marion Williams

Reginald Welsh & Partners Limited.
Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

Managing Director

Light Engineering

The company, part of a £75m. engineering group, is the UK market leader of specialised products used by automotive manufacturers at home and abroad. It has a profitable and expanding turnover and employs 400 people in factories in this country and France.

The Managing Director, who will take over from the present incumbent when he retires next year, will be expected to continue the expansion of the company in the UK and Europe.

Candidates probably graduates should have had general management and profit responsibility in an engineering environment.

Salary and commission linked to the company's performance will be around £15,000 plus car and usual benefits.

Please telephone (01-629 1844 at any time) or write – in confidence – for information. David Bennell ref. B.8464.

This appointment is open to men and women.

MSL
United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.
International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Senior Securities Officer (Unit Trust)

Hong Kong **Up to £12,760 p.a.**

- 25% gratuity on salary
- Free medical treatment
- Free passages
- Low tax area
- Generous terminal leave
- Subsidised accommodation
- Education allowances
- Holiday visits for children

Applications are invited for appointment as Senior Securities Officer (Unit Trust) in the Government Secretariat, Hong Kong. The successful candidate will be responsible for the application and enforcement of the Hong Kong Code on Unit Trust and Mutual Funds, and processing applications for authorisation of unit trusts and mutual funds.

Applicants should preferably be over 32 years of age and must have (a) an honours degree preferably in Economics, Commerce, Business Administration or Law from a British University, or equivalent, plus at least 8 years' post-qualification experience in a bank or a similar financial institution, including at least 5 years' senior executive or managerial experience in the unit trust or mutual fund field; OR (b) Corporate membership of (1) Institute of Chartered Accountants in England and Wales or Scotland or Ireland, (2) Institute of Municipal Treasurers and Accountants, or (3) Association of Certified Accountants, plus at least 5 years' post-qualification experience in a bank or a similar financial institution, including some senior executive or managerial experience in the unit trust or mutual fund field. Candidates who do not have the full qualifications stipulated above but have considerable relevant experience may also be considered.

The appointment will be for an initial period of 2½ years. The salary scale is from HK$9,335 to HK$10,100 per month (approximately £11,790 to £12,760 p.a.*).

For further information and application form, write to the Hong Kong Government Office, 6 Grafton Street, London W1X 3LB, quoting reference GS/SSO(UT) at the top of your letter. Closing date for applications: 4th January 1979.

**Based on exchange rate HK$9.50=£1.00.*
This rate is subject to fluctuation.

Hong Kong Government

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

BUSINESS DEVELOPMENT

INTERNATIONAL BANK – LONDON

We are seeking two or three young executives to help expand the commercial and industrial banking activities of our client, the London branch of a well-established international bank. The bank's existing and target customers are based throughout the U.K., and comprise not only industrial and commercial concerns but also international companies. The bank has a long-established reputation in international finance, and close links are maintained between London and Group offices around the world.

Candidates, preferably in the age range 25–35, should be looking to exercise their judgement and undertake responsibility. The division of work amongst the new members of the team will depend on the experience of the candidates selected. However, a strong background in one or more of the following fields is required: lending to U.K.-based industry (preferably with knowledge of the medium-sized as well as the large companies); international trading and commodity finance; and ECGD. All candidates will need to have good credit analysis experience, and client contact experience is desirable. Some knowledge of French would be useful.

Salaries will be negotiated according to experience, and will be most attractive. There is also the usual range of fringe benefits associated with a first-class banking institution.

To discuss these appointments in the first instance, in confidence, please telephone BRIAN GOOCH

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Accountant
International Pharmaceutical Marketing

The Industrial Division of The Boots Company is responsible for the Group's world-wide interests in the research, development, manufacture and marketing of pharmaceutical, agrochemical and consumer products.

The Pharmaceutical Marketing organisation of this Division requires an accountant to assume responsibility for all accounting aspects of budgetary control, the provision of financial information to management, general supervision of the finance function within the Company's overseas subsidiaries, consolidation of their results and the development of financial management systems.

The post will appeal to candidates aged 28 to 35, preferably Chartered Accountants with broadly based experience in industry/commerce. A background which includes exposure to international trading activities would be advantageous.

The commencing salary for this key position is likely to be around £8,000 per annum. The post is pensionable and the Company operates a profit sharing scheme and will provide generous help with relocation, where appropriate.

Please write with details of career to date to:
J. L. Muncey, Recruitment & Development Manager,

The Boots Company Limited,
Head Office, Nottingham, NG2 3AA.

CJA
RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

A stimulating and challenging career appointment—opportunity to accrue capital—prospects exist to advance to Financial Executive and/or a Chief Accountant's position within 3-4 years, and further prospects beyond

EXECUTIVE ACCOUNTANT

£7,500—£10,000

FAR EAST — *Income Tax 15%*

MAJOR MULTI MILLION POUND INTERNATIONAL TRADING GROUP

We invite applications from qualified accountants (C.A. or A.C.A.), aged 22-26. The successful candidate will be directly responsible to a Chief Accountant. Responsibilities will cover a wide range of commercial accounting activities covering forecasts, analysis, interpretation of accounts and meeting tight deadlines and examining areas in which the Group profitably may develop. A thorough familiarisation training in the Group's method of operation will be provided. Candidates must have sufficient polish and be capable of developing a high level of commercial initiative to reach ultimate top management. Initial remuneration £7,500-£10,000 by way of salary and bonus, income tax 15% + subsidised accommodation, contributory pension, 6 weeks' annual home leave + leave air passages. Applications in strict confidence under reference EA3902/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE 01-588 3588 or 01-588 3576. TELEX 887374.

RESEARCH AND DEVELOPMENT INVESTIGATOR for post in Freeport, Bahama Islands. Must have background in electro-chemistry and electrical engineering and be capable of conducting research in present state-of-the-art and laboratory experiments on batteries, fuel cells, DC motors, controllers, chargers and other items of electric propulsion systems. Multiple research projects will be handled simultaneously with progress reports produced on a continuing basis. Send complete resume to Box A.6573, Financial Times, 10 Cannon Street, EC4P 4BY.

International Bankers

c. £14,000 — £18,000 p.a.

We are retained by Banco Real S.A. to fill two management positions within their rapidly expanding London office. The posts will principally be concerned with Trade between South America, Europe and Africa.

The Senior position of Manager will appeal to an individual with a classic banking career who can bring extensive and detailed international banking skills to the appointment. These will include the design and implementation of relevant and secure product packages within the business area. The position demands candidates of substantial relevant experience and the remuneration will reflect this.

Whilst both positions are market orientated the position of Assistant Manager will require more frequent overseas marketing trips and a proven track record in this area is essential. Marketing skills will in no way displace the need for a sound technical banking background.

Please send full curriculum vitae to Sangster Pearson Limited, 1st Floor, Unicentre, Lords Walk, PRESTON, Lancashire. Quote ref: MH.249/3.

(This vacancy is open to male and female applicants.)

Sangster Pearson Ltd.
Recruitment and Selection Consultants
Unicentre, Lords Walk, Preston. Tel (0772) 21072

Senior Corporate Lending Officer to £12,000

Marketing to major multi-nationals in Britain

Our client is one of the largest European banks—one of the world's top 10, and now has a vacancy for an experienced Lending Officer at it's UK head office, in the City.

You would be responsible for marketing the bank's full range of facilities to a portfolio of about 50 of the largest foreign owned multi-nationals operating in Britain. You would also be expected to be alert to other new business opportunities.

In view of the importance of this position, the bank seeks a graduate from a top University who has gained at least 4 years banking experience, which must include a period as loans officer, and will ideally include experience in Credit Analysis. The ability to speak French is desirable and will enhance your prospects for further promotion. The bank offers a competitive range of benefits and will take over an existing loan and mortgage if necessary. **To apply, call John Sears of Summit Management Consultants Limited on 01-580 3536.**

SMCL

Discount Market
SCOTLAND

The Union Discount Company of London Limited is seeking to recruit a deputy to its representative resident in Scotland.

The successful candidate will be aged between 25 and 30 and qualified in banking or accountancy. Experience of the London Money Market, knowledge of the provision of finance through bills of exchange and a thorough grasp of the law relating to bills of exchange will be an advantage.

The candidate will be required to reside in Edinburgh and will be expected to contribute to the success of the business through a general knowledge of commerce and industry in Scotland and by being an active participant in the life of the City.

Preliminary interviews will be conducted in Edinburgh or London.

Applications with curriculum vitae should be sent to:

M. J. P. Healy, Esq.,
The Union Discount Co. of London Ltd.,
24a Melville Street, Edinburgh EH3 7NS.

The Union Discount Company of London Ltd

Cindu-Key & Kramer Divisie Bouw BV

Financial Controller: Gulf Area

Cindu-Key & Kramer Divisie Bouw BV is the building division of Cindu-Key & Kramer NV of the Netherlands. The Building Division is a specialist contractor in roofing and cladding, ceilings, waterproofing and other specialist work, using materials manufactured by its sister companies in the group, or bought from a wide range of suppliers worldwide.

The Controller is required for the Gulf area operating as CKK Middle East (Pvt) Limited based on Dubai UAE. To be responsible to the resident General Manager for the financing, financial accounts and cost accounting, and also for secretarial, legal, contractual, personnel and general administration duties for the whole business, which has turnover in the range of £5m, growing. The person should be a qualified accountant, have relevant experience at this level, and preferably be familiar with building contracting work.

Salary will be in the range 8,000–9,000 Dirhams per month tax free plus free housing and company car. Initial contract minimum two years, with longer term prospects. Preferred age 30–40, *single or married without children.* Duties will include regular travelling throughout the area, including Jeddah and Dammam. Interviews will take place in England but the successful candidate would serve an introductory period in the Netherlands.

Please write, marking the envelope "Confidential 762/2", to the UK consultant to the company at the address below:-

Rollinson Consultants
Ablington, Cirencester, Glos. GL7 5NY

Financial Controller

c £11,000 +

We seek a Controller, able to act as 'a foil' to the Managing Director, for the £2 million UK marketing off-shoot of a substantial US manufacturer of top quality, premium priced, consumer products.

There are three major tasks; manage financial affairs and produce computerised financial and management accounts; contribute to policy–particularly pricing and discounts–and control, acting for the M.D. in his absence; and provide secretarial and personnel services.

Ideally we seek a self-starter, a qualified accountant with line experience of financial management in a branded consumer goods company. Knowledge of computer capability, a broad view of business and the ability to provide competent administration are clearly also important.

Benefits include a car, performance related bonus, pension, BUPA and help with removal expenses, if appropriate, to a base in the North West Home Counties.

Please write, in strict confidence, quoting Ref: 630 and giving brief details of age, experience, qualification and current earnings to:

CB-Linnell Limited
8 Oxford Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM · LONDON

PENSIONS CONTROLLER

ASSOCIATED NEWSPAPERS GROUP

London — Senior Appointment

A successor is required to the Controller of Pensions. This appointment involves an overall management responsibility for this Group's self-administered schemes currently funded by investments valued in excess of £60 million with 8,000 contributing members and 3,000 pensioners. The funds are under the control of Trustees who require the Controller to ensure the implementation by the Investment Managers of the agreed Investment Policy and an efficient control of pensions administration.

Thorough experience in these matters are minimum requirements coupled with an understanding and application of new legislation and practice relating to pensions.

Remuneration and benefits would be commensurate with this highly responsible appointment.

Please reply with full details to G. I. Howell, F.C.A., Carmelite House, London EC4Y 0JA.

APPOINTMENTS ADVERTISING ALSO APPEARS TODAY ON PAGE 31

THE HONGKONG AND SHANGHAI BANKING CORPORATION

REQUIRE AN ACCOUNTANT

for their Manchester Office. The successful applicant will probably be in his/her mid-thirties with AIB qualification and at least 10 years experience in banking. He/she should have a good working knowledge of both domestic and international banking.

The tasks of the Accountant include control of all the accounting functions, including the computer, recruitment and training of staff, devising and implementation of systems and business development.

This is a first class opportunity for an experienced Banker to join an international bank in an expanding situation which will provide unique career opportunities. Salary will be generous, dependent upon qualifications and experience and there are good fringe benefits.

Please apply in writing to:

The Manager,
The Hongkong and Shanghai Banking Corporation,
Barlow House, 4 Minshull Street,
Manchester M60 2AP.

giving full details of age, experience and qualifications.

APPOINTMENTS WANTED

RETIRED OVERSEAS BANKER. Age 51 Fluent French. Seeks interesting, responsible full or part-time job. Can travel, with clean driving licence. Any genuine offer considered. Write Box A.6572, Financial Times, 10 Cannon Street, EC4P 4BY.

Chase Econometrics

INTERNATIONAL INDUSTRIAL ECONOMIST AND CONSULTANT

Chase Econometrics is a subsidiary of The Chase Manhattan Bank, N.A., engaged in economic forecasting and consulting on a commercial basis. As a result of its European expansion programme, a high level industrial economist and consultant is now required to head up European services directed at the raw materials industries.

Based in London, the job will require the development, marketing and execution of consulting projects as well as contributing on European conditions to the Chase Econometrics regular industrial forecasts.

The successful candidate will be a self-starter with an outgoing personality. He/she will have substantial knowledge of the basic raw materials industries, experience in economic analysis and consulting, *and outstanding speaking and writing ability. Foreign languages are an* advantage.

Remuneration will be exceptionally attractive for the right candidate. Write enclosing CV and salary requirements, or telephone

Robin G. Adams, Vice President - Industrial Economics
Chase Econometric Associates, Inc.
555 City Line Avenue
Bala Cynwyd, PA 19004 USA
(215) 896-4840

Financial Accountant

c. £10,000

Our client, a major international Finance house, is looking for a qualified Accountant for their Group Financial Accounting team.

Reporting to the Manager, the successful applicant will be involved in monthly reporting on the financial results and the reviewing of accounting systems together with the group statutory accounts.

A knowledge of the banking/financial sector would be an advantage.

There are excellent prospects in the Group either in the UK or Overseas and the total package could well be in excess of £10,000.

Please reply in strictest confidence quoting Ref. 501 to:

D. W. Clark, A.C.A.—Consultant

David Clark Associates
4 New Bridge Street, London E.C.4 01 353 1867

LEADING FRENCH BANQUE D'AFFAIRES

We require an English graduate aged 24-28, with at least 2-3 years' merchant banking experience to join the international division of the Bank. Initial employment would probably be in the U.K. subsidiary of the Bank in the City, after an introductory period in Paris, but future career prospects would include working in the Bank's head office in Paris or in the Bank's growing international network. Candidate will be expected to be, or rapidly to become, fluent in French. Remuneration package will be negotiable, commensurate with experience. Applications in writing together with curriculum vitae to:

Box F.1075, Financial Times,
10, Cannon Street, EC4P 4BY.

Olympic Holidays

Olympic Holidays Limited, Britain's leading tour operator to Greece, require a Chief Accountant to be based in their London office.

The position requires a qualified, experienced accountant with a managerial ability to be responsible for the total accounting function of the company, preparation of management accounts and information, statutory accounts and liaison with our Athens office. The successful applicant will be directly responsible to the Finance Director.

This is a very demanding but rewarding position in an expanding company and opportunities exist for personal progress. The company's accounting and operations systems are fully computerised.

Salary will be negotiable c.£8,000 plus profit sharing scheme and fringe benefits, including generous travel concessions. This is a challenging position and demands top grade applicants.

Please send full details to:

Mr. W. E. Dyer, Finance Director,
Olympic Holidays Limited,
24/28 Queensway,
London W2 3RX.

Harrods (Knightsbridge) Ltd. Bankers
require a

MANAGER

to be responsible to the Director of the Parent Company, Harrods Ltd, for the control and management of this small but independent banking operation. The successful applicant will be someone in his/her 30's or early 40's with at least five years' successful management experience in commercial banking, preferably with a professional banking qualification, and with the adaptability to work in the environment of a large department store.

Salary according to experience and qualifications.

Applications to the Company Secretary
Harrods Ltd., Knightsbridge, London, SW1X 7XL.

FINANCIAL SERVICES

Initial Salary Area £6,000
Aged under 30

A small well-established Company is looking to expand its team of executives. Experience in associated fields a particular advantage. Considerable scope for advancement and full range of benefits offered.

Write with experience to date to Box A.6571, Financial Times, 10, Cannon Street, EC4P 4BY.

---

de Zoete & Bevan

de Zoete & Bevan have a vacancy in their active Money Department. Apart from dealing, the successful candidate will be expected to advise and comment on all aspects of the money market, including likely movements of interest rates. Previous experience of dealing with Local Authorities would be an advantage.

Replies in strictest confidence to:—

J. C. Cowley, de Zoete & Bevan,
25, Finsbury Circus, London, EC2M 7EE.

---

callaby

SAUDI ARABIA

c.£14,000 p.a. (net) + Accommodation
Car and other Allowances

GROUP FINANCIAL ANALYST

A rapidly expanding Gulf trading group require a qualified accountant as Group Financial Analyst. The successful applicant will report at board level. Previous experience of diversified activities would be an asset.

GEORGE CALLABY ASSOCIATES
INTERNATIONAL SELECTION CONSULTANTS
'Sunnylands' Sheerwater Road Woking Surrey

U.S. metals setback predicted

By John Edwards

A WARNING that demand for metals will be hit next year by a recession in the U.S. is given by the Economist Intelligence Unit in the latest edition of its World Commodity Outlook out today.

It predicts that U.S. copper consumption next year will fall by 2 per cent as a downturn in housing and durables leads the U.S. economy into recession in the second half of 1979.

As a result it forecasts that western world consumption of copper will rise by only 1 per cent next year to 7.3m tonnes, and that prices are likely to turn down again in the second half of 1979 after showing some strength over the next few months.

The report claims that the predicted U.S. recession will only postpone a world shortage of aluminium rather than create a surplus. But it argues that nickel producers will only be able to reduce excess stocks and prevent further price cuts by maintaining the severe output cuts in force.

Western world nickel consumption is put as rising by only 3 per cent to 515,000 tonnes next year.

On the London Metal Exchange yesterday tin prices fell back again, despite a recovery in the Penang market overnight.

A Reuter report from La Paz said Bolivian mineworkers were meeting to decide whether to strike in support of a pay claim by workers at the privately-owned mines.

New moves in sugar deal

By Our Commodities Staff

THE INTERNATIONAL Sugar Organisation has given the slow-moving signatories of the 1977 International Sugar Agreement an extra six months—until the end of June next year—to ratify their signatures.

Ten exporters and six importing countries have still not won final approval from their Governments.

Meanwhile Colombia has submitted a request to joint the International Sugar Agreement next year.

But officials are said to be seeking a higher export quota than the 70,000 tonnes it was offered for this year.

No decision on the application or negotiation of its basic export tonnage is likely before next year.

In Brussels yesterday the EEC Commission cleared 51,700 tonnes of white sugar for export at its weekly tender. Maximum export subsidy was down at 25.208 units of account per 100 kilos compared with the 25.355 ua maximum granted last week.

Coffee market tumbles on producer selling rumours

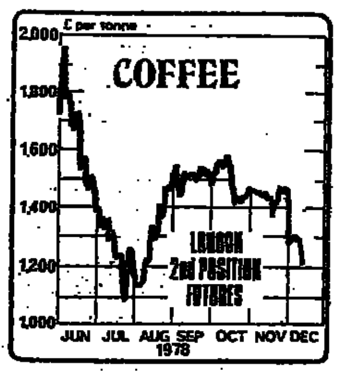
BY RICHARD MOONEY

SIGNS THAT producers' attempts to bolster world coffee prices may be breaking down triggered a dramatic "shake-out" in futures markets yesterday.

A heavy overnight fall in New York was followed through in London where the March position sank to £1,180 a tonne at one stage before ending £80 lower on the day at £1,207.5 a tonne—the lowest level for four months.

The New York fall came in late trading on Tuesday night when a leading trader, who was believed to have been buying on behalf of producers recently, became a heavy seller. This forced the market down the permissible daily limit and when trading was halted a long queue of potential sellers were still awaiting their opportunity to unload their holdings.

This situation was reflected on the London market where nearby positions opened nearly £100 lower. And prices fell still further when a London trader who was also thought to have been acting for producers was seen to be selling heavily.



The decline prompted the usual spate of rumours which included reports that the El Salvador coffee chief was resigning, that the U.S. Commodity Futures Trading Commission was investigating transactions by a Swiss company on the New York market, and that the New York Clearing Association was planning to increase margin requirements. The last two rumours were quickly denied, however.

More credence was given to reports that the "Bogota Group" of eight Latin American coffee producing countries, which is said to have a support fund of $140m available to keep up coffee prices, might be breaking up.

This was given some substance yesterday when Guatemala accused Mexico, Costa Rica and Colombia of violating an unwritten agreement not to sell new crop coffee before January.

London traders said this came as no surprise to them, but a spokesman for the Colombian coffee industry was quick to deny the charge.

In Rio de Janeiro, meanwhile, coffee trade sources said the fall in world prices would make it more difficult for Brazil to maintain its current firm export policy.

They said the growing gap between the country's minimum export price of $1.60 a pound for January shipment and market levels is making the Brazilian price increasingly unrealistic.

Other Rio traders thought, however, that the price fall would strengthen Brazil's resolve to maintain the export minimum.

Compromise in wheat pact talks

BY OUR COMMODITIES STAFF

THE EUROPEAN Community and the U.S. Government have drafted a compromise plan which could lead to final settlement of the arguments over the new International Wheat Agreement.

A meeting in Geneva next week between 12 key wheat importing and exporting countries will assess prospects of resuming full-scale negotiations in the light of the breakthrough.

Sources in Washington said that the main protagonists had agreed provisionally to start setting grain aside into stockpiles when the world price fell to $140 a tonne and begin releasing the reserves back on to the market when the price climbed back to $215 a tonne.

It was also reported that the U.S. had agreed to hold up to 5m tonnes of wheat in reserves compared with its last offer of 4.7m tonnes. The EEC's share had been raised from 2.1m to 3m tonnes.

Total reserves, which will not impinge on strategic or normal trading stocks, would be 25m to 30m tonnes worldwide.

Sources in Brussels added that countries undertaking to hold stocks would be obliged to buy in only half their total obligation when world prices fell to $140 a tonne. The rest would be stockpiled in stages if and when prices fell to $125 a tonne.

These sources added that the EEC had agreed to hold a maximum of 3.3m tonnes in its part of the international stockpile and they claimed the U.S. had provisionally accepted an allotment of 5m tonnes.

Proposals

The proposals are to be put to informal gatherings of negotiators from interested countries, including developing nations, before the meeting of the Wheat Council Interim Committee planned for next Tuesday and Wednesday.

Reuter added from Washington that the EEC had told the U.S. that it would reduce import tariffs on supplies of beef, poultry, tobacco and canned fruits from the U.S. as part of the overall multilateral trade negotiations in Geneva.

As news of the advances leaked out the EEC Commission announced that it planned to restart its regular export tenders for wheat to Latin America which had been stopped after the U.S. complained about the level of export subsidy being paid.

Officials hastily added, however, that no action was likely until the new wheat agreement talks were complete.

The Commission suspended its weekly tenders for the area so officials could assess exactly how much Community grain was being shipped into this "traditional" U.S. market.

Brazil is the predominant importer from this area, zone four, and wheat Board director, Mr. Henri Guitton, told Reuter yesterday Brazil wanted to buy French wheat again next year. He believed the tender suspension would be lifted possible in January.

EEC sources said a specific tender for Latin America was being prepared and a resumption was likely at the end of this month or in January.

Pakistan bars export of cotton

By Chris Sherwell

ISLAMABAD — The Pakistan Government has imposed a ban on the export of raw cotton to ensure local textile mills receive adequate supplies at economic prices following this year's poor crop.

Suggestions made in late October that this year's crop might be less than 3m bales caused prices on the cotton market to shoot up 25 per cent from R400 to R500 per maund (about 37 kilos) where they now remain.

Acknowledging yesterday that the crop would be 2.8m bales against an original projection of 3.6m, Mr. Mian Zahid Safraz, Pakistan's commerce minister, announced that the Cabinet's economic committee had stopped the purchase and export of cotton by the Cotton Export Corporation (CEC) with immediate effect.

In addition, the CEC, a public body which is the country's only buyer of cotton for export, has been ordered to sell to local textile mills 100,000 bales which it already holds. The CEC was expecting to export at least as much as the 575,000 bales it sold last year.

Apart from guaranteeing supplies to local mills, the Government's move is designed specifically to bring down the cotton price. This is intended to preserve the profit margins of the numerous textile mills which the Government is trying to revitalise.

The Government also wishes to encourage more manufacturing of cotton goods. While raw cotton accounted for some 12 per cent of Pakistan's merchandise exports by value in the first half of the 1970s, cotton yarn and cloth made up almost 30 per cent.

● A six-man official delegation yesterday left Pakistan for Kabul on a three-day trade mission to Afghanistan.

Danes plan pig boost

By Hilary Barnes

COPENHAGEN — The Danish pigmeat industry plans to increase output by 3 per cent a year, and exports by 5 per cent a year over the next five years, according to a programme prepared for the EEC.

The programme will form the basis for the EEC's support for investments in the meat-processing industry.

Further details of the report will not be released until January, a spokesman for Ess-Food, the bacon factories' export association, said yesterday.

POLISH AGRICULTURE

هكذا من الأصل

Subtle pressures on private farmers

BY CHRISTOPHER BOBINSKI

THE STATE of the harvest and the mood down on the farm are perpetual worries for Poland's foreign trade officials as they struggle to work out ways to cut imports and bring the balance of payments back into the black by 1980.

This year's grains harvest of 21.3m tonnes is variously described as "the third best harvest since 1970" or 800,000 tonnes below plan. It was certainly better than last year's crop which forced Poland to import 35 per cent of the grain and feed it consumed last year.

Even so, Poland is still budgeting to spend $1.1bn on grain and feed imports in the current market year which runs from July to June 1979. This is a sizeable chunk of the $7bn which the nation expects to spend on hard currency imports next year.

Thanks to the rapid build-up of industry during the 1970s agricultural production now accounts for only 13.7 per cent of the national income. But meat queues and food shortages anger consumers and are politically fraught. Hence the anxious officials waiting for the harvest results.

This year rain at harvest time made the grain damp and caused lossés of around 1.5m tonnes or *6.6 per cent of the crop.* Harvest losses are usually in the region of 3 to 5 per cent.

The fact that 250,000 acres less than planned were sown for grain this year cost another 300,000 tonnes.

To make up for this the potato crop, important as fodder, was good and probaby well over the cautious Ministry of Agriculture estimate of 45m tonnes.

Despite the improvement, Poland has again applied to the U.S. Government Commodity Credit Corporation for a $500m loan for grain purchases in the States—the same amount that was received last year after a poor harvest.

So far only $200m has been assigned but the Polish authorities hope to buy around 5m tonnes from the U.S. in 1979

The harvest results and the fact that the animal population has, after a long drop, climbed back to near 1974 levels, bring hopes that meat supplies will grow in the coming months.

But agricultural economists stress that meat demand can never be satisfied by farmers at the present 1960 retail prices.

Attempts to raise meat prices have provoked strikes and demonstrations twice in the last eight years and there are no indications that anyone at present is thinking of risking a general price increase.

In June, however, the Government introduced special shops where meat is available at prices 60 to 80 per cent higher than in the normal shops. According to official statements 8 per cent of consumer supplies are sold in such shops.

Agricultural performance in Poland is determined by more than just the weather and the price of meat in the shops. Poland is unique in the Soviet bloc in that just over three-quarters of the arable land is farmed privately.

Thus the way that the Communist authorities behave towards Poland's 3.9m farmers, who have never forgotten attempts in the early 'fifties to collectivise the land, is an important factor.

One aspect is the price policy that the state pursues towards the private sector. The drop in the animal population which is causing all the shortages started in 1974 because pig production ceased to be profitable for private farmers.

The poor harvest in 1975 made things worse but it was not until the summer of 1976 that the prices paid to farmers were raised.

Policy

In contrast the authorities acted more quickly this year when pig production began to falter again. They put up producer prices within months.

Willingness by the state to sell the private farmers land from a state fund is also important. The cutback in land sales in 1975 was seen by farmers as a step towards collectivisation and functioned as a brake on production.

It is now party policy that significant amounts of land should be sold to private farmers but officials at the local level in many areas are still not carrying these directives out. This would indicate that they at least are not convinced that the official pro-private farmer policy is sincere.

Another more general problem is that agriculture is short of most things from fertilisers to simple tools to feeds. But it is always the state sector which gets priority in supplies.

How this works in practice is shown by the pig population which fell by 4m head between June 1974 and June 1976. All the losses were in the private sector while the state sector grew steadily.

This means that now, with 21.7m head, restocking to 1974 levels is complete. But the state sector has 2m more and the private farmers 2m pigs less than they had five years ago.

This shift, while desirable for the authorities, for whom the existence of a private sector is after all an ideological embarrassment, is undoubtedly expensive.

Last year the 25 per cent of Poland's pigs in the state sector received 49 per cent of the available feed. In that year the private sector used 23 per cent less protein to produce the same amount of live weight as the state sector.

Other cases of the state sector using grain and feeds inefficiently abound and this annoys private farmers. The introduction of a compulsory pensions scheme for private farmers earlier this year also hit a raw nerve.

Contributions to the scheme are based on the amount of land held and the pension is calculated on the basis of the amount of produce sold to the state over the last five years before retirement.

Many farmers thought the payments too high and other conditions favouring those farmers who handed their land over to the state were thought unfair.

According to a recent article in the party daily Trybuna Ludu, 16 per cent of the payments for the first half of 1978 were not paid. This is equivalent to more than 600,000 farms not paying their dues.

The authorities are now busy putting pressure on recalcitrant farmers and collecting the outstanding contributions and this figure is now in all probability smaller.

—farmers have set up protest committees against the scheme. One which represents 15 small villages near Grojec, 60 km south of Warsaw, has branched out into other demands like getting shelters for local bus stops or getting a telephone installed.

And despite police surveillance of the area and attempts to send in the bailiffs—which were resisted by a one-day milk delivery strike at the beginning of November—the authorities are acceding to these demands and have even gone as far as to step up deliveries of food and other goods to the area.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Fell away on the London Metal Exchange after a steady start when forward metal moved up from £792 to £798.5 and enjoyed good two-way business in the morning. But sellers eventually predominated and, with Comex lower and the dollar stronger, forward metal fell to [illegible] and a close on the Kerb of £790.75. Turnover 16,500 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £780.5, three months £796, 95.5, 96.5, [illegible]. Kerb: Wirebars, three months £795, 94.5, 94, 93.5. Afternoon: Wirebars, cash £777, three months £792, 92.5, 92. Kerb: Wirebars, three months £792.5, 92, 91.5, 91, 90.5, 90, 91.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	780-.5	+3	776-.5	+1.25
3 months	795.5-6	+2	791.5-2	......
Settl'm'nt	780.5	+3	—	......
Cathodes				
Cash	765.5-6.5	+1.75	761-2	—.25
3 months	783-4	+1	779.5-80	—.5
Settl'm'nt	766.5	+2	—	......
U.S. Smt.	—	......	*72	......

TIN—Lost ground after forward metal had held steady in the morning, picking up from £7,040 to £7,080. In the afternoon, with sterling stronger, the price began to fall and moved under £7,000 in the second ring. This brought out stop-loss selling which, allied with U.S. selling against physical business, depressed the price to £6,905 and a close on the Kerb of £6,915. Turnover 1,450 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7190-5	+47.5	7050-70	—100
3 months	7085-100	+40	6980-90	—87.5
Settlem't	7195	+45	—	......
Standard				
Cash	7190-5	+47.5	7050-70	—100
3 months	7080-5	+57.5	6980-90	—77.5
Settlem't	7195	+45	—	......
Straits. E.	‡$1830	+28	—	......
New York	—	......		

Morning: Standard, cash £7,190, three months £7,080, 75, 70, 80, 75, 80. Kerb: Standard, cash £7,160. Afternoon: Standard, three months £7,060, 50, 40, 20, 10, £7,000, £6,990, 80, 85. Kerb: Standard, three months £6,980, 70, 50, 40, 30, 40, 50, 40, 30, 20, 15, 10, 15.

LEAD—Easier in fairly active two-day trading. After opening at £404 forward metal fell back to £400 as general selling and chartist selling came into the market. However, at the £400 level covering support lifted the price to around £402. In the afternoon values remained steady with forward metal finally around £400 on the late kerb with the backwardation tending to narrow. Turnover 11,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	421.5-2	—8.75	419-21	—7.5
3 months	401.5-2	—6.5	401-.5	—5.5
Sett'ment	422	—9	—	......
U.S. Spot.	—	......	*36.56	......

Morning: Cash £421, 22, three months £402.5, 2, 1, 1.5, 2, 1, 1.5, 2. Kerb: Three months £401, £400.5. Afternoon: Three months £400, £401, 1.5, 1. Kerb: Three months £401, £400.5, £400, £399, £400, £400.5, £400.

ZINC—Slightly firmer following renewed influential buying and borrowing which caused a narrowing of the contango. Forward metal opened at £354 and moved ahead to touch the day's high of £359.5 before easing a shade to close at £357.5. Turnover 5,925 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	349.5-50	+2	348.5-9.5	+2.75
3 months	359-.5	+1.5	358.5-9	+2
S'ment	350	+2	—	......
Prim.west	—	......	*55.5-4.5	......

Morning: Cash £348, 49, 49.5, three months £356, 56.5, 57, 58, 58.5, 59. Kerb: Three months £359, 58. Afternoon: Three months £357.5, 58, 59, 58.5, 58. Kerb: Three months £357.5, 57.

ALUMINIUM — Higher but closed beneath the best. In thin trading forward metal started at £625, advanced to £628 and closed on the Kerb at £625. Turnover 4,800 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	—		—	
3 months	626-8	+4.5	627-.5	+5.75

Morning: Three months £625, 26, 27. Afternoon: Three months £627, 28, 27.5. Kerb: Three months £626, 25.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.5p an ounce lower for spot delivery in the London bullion market yesterday at 297.3p. U.S. cent equivalents of the fixing levels were: spot 585.4c, up 1.0c; three-month 598.4c, up 0.8c; six-month 610.4c, up 1.0c; and 12-month 635.9c, up 0.5c. The metal opened at 296.9-297.9p (585½-587½c) and closed at 296.7-297.7p (586½-588c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	297.3p	+0.5	297.65p	+0.75
3 months	305.5p	—0.5	305.8p	+0.6
6 months	313p	+0.5	—	......
12 months	329.4p	+0.5	—	......

LME—Turnover 77 (312) lots of 10,000 ozs. Morning: Three months 306.2, 6, 6.1. Afternoon: Three months 305.5, 5.4, 5.8, 5.7. Kerbs: Three months 305.5, 5.3, 5.5, 5.8, 6.1, 6.2, 6.

COCOA

In thin trading conditions futures were unsteady and nervous, fluctuating throughout the day to close £10-£15 lower overall, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1972.0-80.0	—21.0	2007.0-1980
March	2050.0-51.0	—11.0	2068.0-2016
May	2055.0-56.0	—16.5	2088.0-2048
July	2055.0-60.0	—14.0	2085.0-2049
Sept	2044.0-50.0	—15.0	2065.0-2040
Dec.	2025.0-28.0	—10.5	2043.0-2010
March	2010.0-16.0	—5.5	2088.0-2000

Sales: 3,241 (6,404) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Dec. 12: 179.99 (179.35). Indicator price Dec. 13: 15-day average 184.15 (184.70); 22-day average 184.24 (184.25).

COFFEE

ROBUSTAS opened 100 lower this morning in exceptionally active dealings and one London broker sold 2,500 contracts on the opening, Drexel Burnham Lambert reported. Market sources concluded that the selling represented liquidation of positions held by South American producers and thus the market was moving to a more realistic level. The market remained steady throughout the day as further liquidation was well absorbed by profit-taking and dealer short covering. Forward positions were particularly firm and on the close values were up to £100 lower.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1330-1332	—94.5	1348-1308
March	1207-1208	—80.0	1224-1180
May	1150-1153	—75.0	1172-1138
July	1131-1135	—55.0	1145-1107
September	1106-1110	—49.5	1110-1090
November	1090-1091	—42.0	1100-1071
January	1075-1090	—27.0	—

Sales: 1,683 (1,533) lots of 5 tonnes.

ICO Indicator prices for Dec. 12 (U.S. cents per pound): Colombian Mild Arabicas 172.00 (172.50); unwashed Arabicas 143.00 (same); other Mild Arabicas 127.67 (131.67); Robustas ICA 1976 134.00 (134.50); Robustas ICA 1968 135.00 (135.50). Daily average 130.84 (133.09).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 5p lower on wheat 15p lower on old crop barley, 5p lower on new crop. Barley values eased throughout the day on commercial and country selling to close 35-40p lower. Wheat values also eased in thin volume with reasonable demand for spot close 15-20p lower. New crops saw little trade and closed 5-10p Lower, Acli reported.

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan.	91.40	—0.25	83.40	—0.55
Mar.	93.80	—0.55	85.85	—0.40
May	96.55	—0.30	88.30	—0.45
Sept.	89.10	—0.10	83.30	—0.05
Nov.	91.90	—0.10	86.10	—0.10

Business done—Wheat: Jan. 91.70-91.35, March 94.05-93.80, May 96.65-96.55, Sept. 89.10-89.10, Nov. nil. Sales 68. Barley: Jan. 83.65-83.40, March 86.15-85.85, May 88.60-88.60. Sept. nil, Nov. 86.10-86.10. Sales 108.

IMPORTED—Wheat: CWRS No. 1 13½ per cent Dec. 96.50 Tilbury. U.S. Dark Northern Spring No. 2 14 per cent Dec. 90, Jan. 91.25, Feb. 92.50 transhipment east coast. U.S. Hard Winter 13½ per cent Dec. 88.50, Jan. 88.75, Feb. 89, transhipment east coast. EEC unquoted. Maize: U.S./French unquoted. French Dec. 106.25, Jan. 108.50 east coast. South African White Jan. 67.50. South African Yellow Jan. 67.50. Barley: English feed fob Feb. 86.50 quoted east coast.

HGCA—Location ex-farm spot prices. Feed barley: Shropshire 80.10.

The UK monetary coefficient for the week beginning December 18 (based on HGCA calculations) is expected to remain unchanged.

RUBBER

UNCHANGED opening on the London physical market. Quiet throughout the day, closing slightly steadier. Lewis and Peat reported the Malaysian godown price was 233½ (233) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Jan.	57.60-57.75	57.75-57.80	—
Feb.	58.40-58.50	58.70-58.90	—
Jan-Mar	58.40-58.50	58.70-58.95	58.70-58.25
Apr-Jne	60.55-60.60	61.05-61.10	61.20-60.60
Jly-Sept	62.70-62.75	63.55-63.40	63.40-62.75
Oct-Dec	64.85-64.90	65.55-65.60	65.60-64.90
Jan-Mar	67.10-67.15	67.75-67.80	67.30
Apr-Jne	69.40-69.45	69.90-70.00	69.75-69.40
Jy-Sept	71.65-71.75	72.20-72.25	72.00-71.95

Sales: Nil of 5 tonnes, 114 (393) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 57.25p (57.5); Jan. 58p (58.5); Feb. 59p (59.5).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£per tonne		
December	122.00-25.0	+1.0	—
February	127.00-27.2	+1.65	27.20-26.00
April	126.00-26.9	+0.65	26.80-26.00
June	124.00-25.0	......	—
August	124.50-25.5	+0.5	—
October	125.30-26.0	+0.65	—
December	122.50-27.5	+0.5	—

Sales: 28 (67).

SUGAR

LONDON DAILY PRICE (raw sugar) £102.00 (£103.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £101.00 (same).

Opening trades were around overnight levels but prices soon lost ground in moderate trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	109.75-09.85	111.75-11.80	12.00-09.50
May	112.90-12.95	114.75-14.80	15.00-12.80
Aug.	116.60-16.70	118.70-18.80	19.00-16.25
Oct.	119.80-19.90	121.80-21.90	22.00-18.60
Dec.	122.25-22.50	124.25-24.65	22.50
March	126.75-27.00	128.75-29.00	27.00
May	129.75-30.50	131.50-32.60	—

Sales: 2,353 (2,056) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.95 (same) a tonne for home trade and £173.00 (£176.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 12: Daily 8.23 (8.07); 15-day average 7.85 (7.82).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. 104.50, 105.50, nil, nil; April 108.50, 109.75, 108.75-08.50, 17; July 114.00, 114.50, 114.50-14.00, 12; Sept. 115.75, 119.00, 121.50, 24; Nov. 125.00, 126.00, nil, nil; Feb. 129.50, 130.50, nil, nil; April 131.50, 134.50, nil, nil. Sales: 53.

WOOL FUTURES

LONDON—The market was dull and featureless, reported Bache.

(Pence per kilo)

Australian Greasy Wool	Y'sterd'ys Close	+ or —	Business Done
December	217.0-25.0	......	—
March	218.0-25.0	......	—
May	224.0-33.0	......	—
July	231.0-0.0	......	—
October	234.0-40.0	......	—
December	235.0-2.0	......	—
March	236.0-44.0	......	—
May	239.0-50.0	......	—

Sales. Nil (same).

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 347.0, 348.0, 349.0-346.5, 43; March 353.0, 353.5, 354.0-353.1, 11; May 359.8, 360.0, 361.2-360.0, 15; July 362.0, 362.7, 362.0-362.0, 12; Oct. 363.5, 365.0, nil, nil; Dec. 367.0, 368.5, 368.5-368.5, 17; March 368.0, 371.0, nil, nil; May 369.0, 372.0, nil, nil. Sales: 98.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). Dec. 186.0, unquoted; March 182.0 (185.0); May 184.0, 186.0; July 186.0, 191.0; Oct. 188.0, 194.0; Dec. 192.0, 198.0; March 193.0, 199.0; May 193.0, 199.0. Sales nil.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 55.0 to 59.0, Eire hindquarters 66.0 to 68.0, forequarters 33.0 to 37.0. Veal: English fats 78.0 to 80.0. Lamb: English small 48.0 to 55.0, medium 49.0 to 54.0, heavy 42.0 to 52.0. Scottish medium 48.0 to 53.0, heavy 42.0 to 50.0; Imported frozen: NZ YLs 45.0 to 48.0. Pork: English, under 100 lbs 38.0 to 46.0, 100-120 lbs 32.0 to 45.0, 120-160 lbs 35.0 to 44.0. Partridges: Young (each) 200.0 to 240.0. Pheasants: Best (per brace) 300.0 to 320.0.

MEAT COMMISSION—Average fatstock prices at representative markets on December 13. GB cattle 72.05p per kg. l.w. (+3.35); UK sheep 131.3p per kg. est.d.c.w. (−1.2); GB pigs 66.1p per kg. l.w. (+3.0). England and Wales: Cattle numbers up 42.8 per cent, average price 72.11p (+3.60); Sheep numbers down 15.1 per cent, average price 132.2p (−1.1); Pig numbers up 39.8 per cent, average price 66.1p (+3.0). Scotland: Cattle numbers up 3.9 per cent, average price 71.75p (+2.39); Sheep numbers down 24.9 per cent, average price 122.6p (−3.6); Pig numbers up 29.4 per cent, average price 62.3p (−0.9).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Lemons—Italian: 120s new crop 4.30-5.50; Greek: 4.50-5.50. Cyprus: Trays 4.80-5.20; boxes 80/180s 4.00-6.35; Turkish: 10 kilos 2.40-2.60; Spanish: Trays 2.00-2.30. Oranges—Spanish: Navel/Navelines 3.80-4.60; S. African: Valencia late 1.50-2.80; Greek: Navels 2.30-3.50. Clementines—Cyprus: 10 kilos 3.50-4.60; Spanish: 3.20-4.40; Moroccan: 3.20-4.40. Satsumas—Spanish: Trays 2.80-3.00. Grapefruit—Texas: Red Blush 4.60-4.80; Florida: 4.80; Turkish: 2.40-2.60; Cyprus: 2.20-3.60; Israeli: Jaffa 64/75 3.50-3.70. Apples—French: Stark Crimson 40-lb 138/163s 4.30-5.30, 20-lb 84s 1.80, 72s 2.20; Golden Delicious 20-lb 72s 1.60-2.10, 84s 1.50-1.90, 40-lb 138/163/175s 3.50-4.00, jumble pack, per pound 0.07-0.08; Granny Smith 20-lb 72s 2.30-2.40, 84s 1.80-1.90, large boxes 138/150/163 3.60-4.60, jumble pack 55/60 31-lb per pound 0.06-0.07. Grapes—Spanish: Almeria 2.50-3.20, Negri 2.80-3.00. Avocados—Israeli: 3.20-3.50. Melons—Spanish: Green 4.50-5.00, 15 kilos boxes 8/12s 8.00-8.50. Onions—Spanish: 3.00-4.60; Dutch: 2.60-2.90. Tomatoes—Spanish: 2.60-3.80; Canary: 3.80-4.50. Cucumbers—Canary: 10/16s 2.40-2.70. Capsicums—French: Per pound 0.50; Canary: 0.30. Dates—Algerian: Per glove box 0.40-0.45; Californian: Tubs 0.31. Lettuce—French: 12s 1.30-1.40. Walnuts—Californian: Per pound 0.48-0.50; Chinese: 0.33-0.34. Brazils—Per pound LWM 0.48-0.52. Tocantins 0.36-0.38. Almonds—Spanish: Semi-soft per pound 0.42, hard shell 0.30. Chestnuts—Italian: 10 kilos 5.00-7.50; Spanish: 5 kilos 3.80-4.50, 10 kilos 5.60-7.00; Portuguese: 5.70-6.30. Filberts—Italian: Per pound 0.31-0.32. Pecan Nuts—Californian: Per pound 0.63. Potatoes—Italian: 20-lb 3.50-3.60. Mistletoe—French: Crates 3.50 plus VAT. Bananas—Jamaican: Per pound 0.14.

English produce: Potatoes—Per 25 kilos 1.50-2.00. Lettuce—Per 12 round 1.30-1.40. Mushrooms—Per pound 0.40-0.50. Apples—Per pound Bramley 0.05-0.09, Lord Derby 0.04-0.05. Cox's Orange Pippin 0.05-0.14, Worcester Pearmain 0.04-0.06, Russets 0.05-0.08, Spartan 0.06-0.08. Pears—Per pound Conference 0.08-0.13, Comice 0.14-0.15. Cabbages—Per crate 0.90-1.00. Celery—Per head 0.10. Cauliflowers—Per 12s Kent 3.50-4.00. Beetroot—Per 28-lb 0.60-0.70. Carrots—Per 28-lb 0.50-0.60. Capsicums—Per pound 0.38. Onions—Per bag 1.80-2.20. Swedes—Per 28-lb 0.50-0.60. Turnips—Per 28-lb 0.80-0.90. Parsnips—Per 28-lb 0.90-1.00. Sprouts Per pound 0.04-0.05.

★

GRIMSBY FISH — Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.50-£7.80, codlings £3.80-£4.50; large haddock £5.00-£6.00, medium £5.00-£5.50, small £4.40-£4.80; large plaice £6.00-£6.40, medium £5.70-£6.40, best small £5.00-£6.00; large skinned dogfish £10.00, medium £8.00; large lemon soles £10.50; rockfish £2.60-£3.20; reds £1.50-£2.00; saithe £1.50-£1.70.

HIDES—Leeds. Slightly firmer. Second clear ox 31-35½ kilos withdrawn 69p per kilo; 26-30½ kilos withdrawn 73.5p; 22-25½ kilos 83p. Light cows 79.5p. No calf offered.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 13 1978	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free market (c/s)	$1,170/80	....	$1,180/20
Copper cash W Bar	£776.25	+1.25	£736.5
3 months do. do.	£791.75	....	£759.25
Cash Cathode	£761.5	—0.25	£724.25
3 months do. do.	£779.75	—0.5	£746.75
Gold ......Troy oz.	$202.875	+0.25	$210.875
Lead cash	£420	—7.5	£392.5
3 months	£401.25	—5.5	£380.25
Nickel	‡		‡
Free Market(cif)(lb)	$1.68	....	$1.72
	1.80		1.82
Platinum troy oz.	£156	....	£142
Free Market	£172.05	....	£152.85
Quicksilver	$148/55	....	$135/40
Silver troy oz.	297.3p	+0.5	297.8p
3 months	305.5p	+0.5	305.8p
Tin cash	£7,060	—100.0	£7,710
3 months	£6,985	—77.5	£7,557.5
Tungsten (z)	$142.83	....	$143.71
Wolfram 22.04 cif	$137/45	....	$143/48
Zinc cash	£348.75	+2.0	£343
3 months	£360	+2.0	£355.5
Producers	$720	....	$720
Oils			
Coconut (Phil)	$885p	+10.0	$865
Groundnut	‡		‡
Linseed Crude	£342	....	£346
Palm Malayan	$600t	+10.0	$608
Seeds			
Copra Philip	$600p	+15.0	$575
Soyabean (U.S.)	$280u	....	$278
Grains			
Barley			
Home Future	£85.85	—0.4	£83
Maize			
French No. 3 Am	£106.25	....	£103
Wheat			
No. 1 Red Spring	£96.5	+0.5	£94.25
No.2 Hard Winter	£88.5	....	£89.5
English Milling †	£95.5x	....	£92
Other Commodities			
Cocoa Shipment	£2,087	—11.0	£2,134
Future Mar	£2,050.5	—11.0	£2,088.5
Coffee Future			
Mar	£1,207.5	—80.0	£1,446
Cotton 'A' Index	79.05c	—0.05	79.05c
Rubber kilo	57.25p	—0.25	60.25p
Sugar (Raw)	£102	—1.0	£100
Wooltops 64s (kilo)	274p	....	272p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. p Dec.-Jan. t Feb. u Jan. w Dec. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Dec. 12	Dec. 11	Month ago	Year ago
257.04	258.71	259.42	242.05

(Base: July 1, 1952=100)

REUTERS

Dec. 13	Dec. 12	Month ago	Year ago
1509.0	1510.7	1506.8	1437.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 12	Dec. 11	Month ago	Year ago
Spot	387.84	388.65	392.51	351.65
Futures	381.90	386.51	388.28	324.27

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 12	Dec. 11	Month ago	Year ago
Sple Commty	969.9	980.0	972.0	865.9

(December 31, 1931=100)

★

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 1.9 tonnes, bringing the total for the week so far to 919 tonnes. Gradual slowing down of interest before the holidays restrained operations. Scattered contracts were fixed up in South American and African styles.

U.S. Markets

NEW YORK, Dec. 13.

Cocoa—Dec. 174.05 (176.65), March 173.60 (176.35), May 173.45, July 173.00, Sept. 171.68, Dec. 168.25, March 163.73. Sales: 637.

Coffee—"C" Contract: Dec. 122.00-124.00 (131.57), March 118.87 (122.87), May 116.04, July 116.37 asked, Sept. 115.06, Dec. 114.79 asked, March 112.25, May 108.00-112.00. Sales: 1,034.

Copper—Dec. 67.30 (67.75), Jan. 67.85 (68.30), Feb. 68.60, March 69.35, May 70.50, July 71.60, Sept. 72.65, Dec. 73.90, Jan. 74.30, March 75.10, May 75.90, July 76.70, Sept. 77.50.

*Gold—Dec. 201.70 (205.40), Jan. 202.20 (206.90), Feb. 204.60, April 208.30, June 212.00, Aug. 215.70, Oct. 219.40, Dec. 223.20, Feb. 227.00, April 230.80, June 234.60, Aug. 238.40, Oct. 242.20.

†Lard—Chicago loose not available (23.00). NY prime steam 24.50 nom. (same).

‡‡Maize—Dec. 218½-219 (219), March 231½-232 (231½), May 240, July 245¼, Sept. 247¼, Dec. 251¼.

§Platinum—Jan. 338.00-338.30 (342.50), April 340.50-341.20 (345.00), July 343.60, Oct 347.00, Jan. 348.40-349.60, April 350.60-351.00 asked, July 353.20-353.40.

§Silver—Dec. 589.00 (589.50), Jan. 591.70 (592.50), Feb. 595.10, March 598.50, May 605.90, July 614.20, Sept. 622.70, Dec. 636.00, Jan. 640.70, March 650.00, May 659.40, July 668.90, Sept. 678.50. Handy and Harman spot 590.00 (585.40).

Soyabeans—Jan. 680¾-675 (680¼), March 691¼-689½ (692), May 698, July 702-703, Aug. 696, Sept. 674, Nov. 661¼-661, Jan. 669.

‖Soyabean Meal—Dec. 191.60 (191.40), Jan. 191.50-191.50 (191.10), March 190.70-190.50, May 188.00-188.50, July 187.50-187.00, Aug. 187.00, Sept. 186.00, Oct. 183.50, Dec. 182.00, Jan. 181.50-182.50.

Soyabean Oil—Dec. 24.45 (24.32), Jan. 24.50-24.35 (24.35), March 24.60-24.65, May 24.60-24.65, July 24.55-24.65, Aug. 24.50-24.60, Sept. 24.25, Oct. 24.00-24.05, Dec. 23.80, Jan. 23.65-23.75.

**Wheat—Dec. 352-352½ (356½), March 341-342 (348), May 332-332½, July 320½-320, Sept. 323½-324, Dec. 337.

WINNIPEG, Dec 13. ††Rye—Dec. 97.50 bid (97.90 asked), May 103.40 bid (103.80), July 103.50, Oct. 101.00.

††Oats—Dec. 83.60 bid (86.10), March 80.50 asked (81.00 bid), May 78.20 asked, July 78.20, Oct. 78.10 nom.

††Barley—Dec. 74.60 bid (74.80), March 76.60 bid (76.60 bid), May 76.60 bid, July 76.70 bid, Oct. 77.00 bid.

§§Flaxseed—Dec. 268.50 bid (267.90 bid), May 260.40 asked (276.00 bid), July 279.60 asked, Oct. 278.50.

**Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 185.19 (186.36).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce — 100-ounce lots. † Chicago loose $s per 100 lbs — Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounces ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$ per tonne.

COPRA EXPORTS DECLINE

MANILA — Philippine November Copra exports fell to 4,000 tonnes from 33,000 tonnes in October, the Philippine Coconut Authority said.

The authority said the export copra shortfall was due to the utilisation of production for domestic processing, part of which is for export and part for domestic consumption.

Philippine November Coconut oil exports rose to 88,000 tonnes from 72,000 tonnes in October.

Coconut oil exports in the first 11 months totalled 894,000 tonnes compared with 710,000 tonnes in the same 1977 period.

Copra exports for the same period fell to 361,000 tonnes from last year's 499,000 tonnes, the authority said.

Unsettled trading conditions persist in stock markets

Equity index loses 4.7 more to 480.7—Gilts lower too

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23

* "New time" dealings may take place from 9.30 am two business days earlier.

Continued lack of investment incentive yesterday ensured another day of unsettled trading conditions, the first signs of which appeared in stock markets late last Monday. The tone also reflected concern about the generally uncertain outlook on the wages front and November's balance of trade returns; the latter are due to be announced today and are expected to show a visible deficit of between £50m and £100m.

Modest sales, some representing loss-cutting of bull positions taken out only a few days ago, soon impinged on a market which, until the last half-hour or so of official business, was looking distinctly wobbly. One of the major worries was the current unwillingness of investment institutions to commit funds in the face of the attractions of short-term money market rates.

The situation in Iran was also a talking point and the uncertainties surrounding equities were mirrored by a 2 pm loss of 5.7 in the FT 30-share index. Cheap buyers of selected leaders ventured in shortly before the close, however, and at the final count the index was a net 4.7 down at 480.7 for a fall of 12.7 in the last three days.

Considering the relative size of the issue and the generally drab state of the market yesterday, **Milletts Leisure Shops** made a highly satisfactory debut: opening at around 118p, against the offer for sale price of 110p, the shares reacted to 115p prior to closing at the day's best of 121p.

Gilt-edged securities faced the twin prospects today of the November trade returns and money supply figures with a little apprehension. The longer maturities were particularly quiet but the shorts encountered initial selling and traded fairly briskly, although at slightly lower levels. Eventually, cheap buyers began to make their presence felt and the losses in this area were reduced from 1/2 to around 1/4, a development which subsequently found reflection in the longs where the falls were halved to 1/4.

Awaiting the Irish decision on whether or not to join the European Monetary System, the investment currency market was much quieter. As a result, fluctuations in the premium were quite narrow and the close was a net 3/4 higher at 81 1/4 per cent. Yesterday's SE conversion factor was 0.7271 (0.7277).

Another fairly quiet day in the Traded Option market was reflected in total contracts of 491. Interest was still being shown in GEC in which 116 deals were recorded, while Bats were reasonably active with 100 transactions. fetaoin sbrdlu cmfwyp vbgkq vq

Banks dull

Home Banks, again beset by persistent small offerings and a lack of investment support, closed lower throughout. Falls of around 8 were marked against **Barclays** and **Midland** which closed at the common price of 362p. **NatWest** lost 4 to 276p and **Lloyds** a couple of pence to 280p. Elsewhere, the reasonably encouraging results directed occasional buying towards **Standard and Chartered** which firmed 5 to 431p but, ahead of today's preliminary statement, **Lloyds and Scottish** eased 2 to 101p.

Insurances closed at the day's lowest following a slow trade. **General Accident** fell 9 to 207p, while losses of 4 were seen in **GRE**, 224p, **Legal and General**, 147p, and **Pearl**, 236p.

Brewery leaders again closed lower ahead of statements due today and Friday. **Bass Charrington**, annual results today, eased 2 to 167p, while **Arthur Guinness** gave up 3 to 157p in front of Friday's preliminary figures. Further reflection of the results added 2 to **Wolverhampton and Dudley** at 224p. West-country cider makers **H. P. Bulmer** announced interim results better than generally expected and, helped also by the chairman's confidence on the outlook, added 6 to 150p. Although export price rises are imminent, Distillery issues finished dull. **Arthur Bell** lost 4 at 176p, while **Highland** eased 2 to 83p. **Distillers**, interim statement due today, shed 3 to 199p.

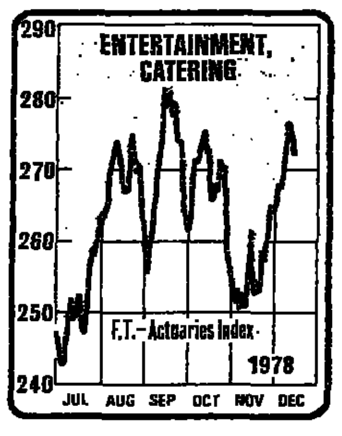
Lack of support and small scrappy selling left Building descriptions with a decidedly dull appearance. **Blue Circle** shed 5 to 265p and, awaiting today's annual results, **Marley** eased 2 to 73p. **BPB** gave up 6 at 247p. A good market of late on suggestions that T. W. Ward might sell its 26.6 per cent stake in the company, **Tunnel B** encountered profit-taking and declined 8 to 302p, but recently firm **Baggeridge Brick** added a penny to 37p in response to the satisfactory annual results. In Contracting and Constructions, **Richard Costain** and **Taylor Woodrow** both succumbed to sporadic small offerings and lost 8 to 240p and 7 to 413p respectively, while late selling lowered **George Wimpey** 3 1/2 to 80 1/2p. Second thoughts on the interim results left **Montague L. Meyer** a couple of pence easier at 84p and, **Galliford Brindley**, subject of a recent bear squeeze, eased 1 1/2 to 69 1/2p.

ICI shed 5 to 369p in line with the general trend. Dealings in **Alginate** were suspended at 309p, which represents a three-day rise of 77 pending an announcement from the company: the shares leapt 50p on Tuesday on news of the bid approach from Merck Inc. of the U.S.

Stores easier

Stores eased in a depressingly low level of business. **Burton A** cheapened 3 to 174p and **Gussies A** 4 to 310p. Among secondary issues, **Audiotronic** held at 18p following Tuesday's poor interim figures. Recently firm **Foster Brothers** reacted 4 to 166p. In Shoes, **Wearra** reported a 45 per cent increase in pre-tax profits and added 1/2 to 28p.

GEC eased afresh to 332p before picking up to close at 334p, down 4 on balance. Other leading Electricals followed a similar pattern with **Thorn** ending 5 down at 366p, after 364p. Electronics met further profit-taking after the recent good advance; **Racal** gave up 9 more to 344p, while falls of 5 were marked against **Electrocomponents**, 323p, **Farnel**, 393p, and **Ferranti**, 385p. **AB Electronic** reacted 6 more to 157p. Elsewhere, **Automated Security** responded to acquisition news with a rise of 3 to 99p.



Engineering leaders closed a shade off the bottom in places. **Hawker Siddeley** ended 8 cheaper at 228p and **John Brown** eased 4 to 380p, while **Tubes** closed a few pence easier at 380p. **Vickers**, however, traded firmly at 196p, up 2. Elsewhere, a fairly lengthy list of trading statements produced little in the way of price movements. **G. M. Firth** responded to the mid-way recovery in profits and return to the interim dividend list with a rise of 2 to 36p, while **Chemring** improved 3 to 83p following the preliminary results. **Serck**, a poor market of late, reacted to 75p on the sharply lower annual profits before rallying to close 1 1/2 higher on balance at 78p. On the other hand, reduced interim profits left **Deritend** 4 cheaper at 150p and **Braithwaite** 3 easier at 111p. Still awaiting further news of the bid approach from GEC, **Averys** gave up 4 more to 228p.

In Foods, the £9.9m fund-raising call to help finance the £16.4m acquisition of Smiths Food group from General Mills Inc. left **Associated Biscuit** 2 easier at 72p. Up 13 on Tuesday on hopes that Tiger Oats might launch a full scale offer, a bid denial prompted a swift reaction in **J. Bibby's** shares which receded to 292p before ending 11 down on balance at 297p; the price quoted in yesterday's issue was incorrect.

Hotels and Caterers mirrored the dull trend with recently firm **Grand Metropolitan** on offer and 2 cheaper at 113p. **Trust Houses Forte** shed 4 to 256p and **Ladbroke** 3 to 180p. In marked contrast, **De Vere Hotels** advanced 10 to 172p on revived bid rumours.

Beecham weaken afresh

Beecham remained particularly vulnerable to fresh offerings in the miscellaneous Industrial leaders and weakened afresh to 613p before closing a shade off the bottom at 614p for a loss of 10 on the day. **Glaxo** gave up 5 to 522p and **Boots** 3 to 194p, but **Reed International** ended only 2 down at 149p, after 146p. Elsewhere, **Reckitt and Colman** stood out with a fall of 18 at 453p along with **De La Rue** which lost 14 to 371p. Still reflecting the setback in second-half trading, **Redfearn National Glass** fell 7 more to 275p. **Gestetner A** gave up 7 to 133p and **Hoover A** were similarly cheaper at 220p, while Press comment on the annual results left **Trafalgar House** 3 off at 124p. Trading statements accounted for losses of a few pence in **Caravans International**, 71p, and **LRC**, 34p. **Smiths Industries** eased 4 to 214p following the chairman's warning on prospects at the annual meeting. By way of contrast, **Extel** continued firmly at 128p, up 4, while **F. Austin (Leyton)** hardened a penny to 13p in response to favourable Press mention. Dealings in **Stanley Gibbons** were temporarily suspended at 228p, up 8, at the company's request following a bid approach. Among Overseas issues, **Broken Hill Proprietary** moved up 10 to 720p on rumours of an oil strike.

Motor sectors closed easier after a slack day's trading. In components, **Dowty** fell 4 to 268p, while **Dunlop**, 64p, and **Lucas**, 301p, both gave up a penny. Elsewhere, hopes of a possible merger between Fodens and ERF receded and lack of follow-through demand after recent rises left **ERF** 5 cheaper at 136p and **Fodens** a penny off at 56p. Among Distributors, **Heron** met further profit-taking and lost 3 more for a two-day fall of 6 at 116p. **Harold Perry** shed 3 to 117p.

Despite the improved annual results and the forecast of another record trading period next year, recently firm **Saatchi and Saatchi** eased 5 to 135p on profit-taking. Paper manufacturers **Culter Guard Bridge** held steady at 23 1/2p after the better first-half figures. **Mills and Allen** reacted 7 to 225p on fading bid hopes.

Properties gave ground initially, but with no real selling pressure in evidence, steadied at the slightly lower levels. Awaiting today's annual results, **MEPC** eased 2 to 149p. **Land Securities** cheapened 4 to 243p. The increased interim revenue failed to stimulate interest in **Warnford Investments** which slipped 3 to 347p. Recently firm **Peachey** lost 1 1/2 to 89 1/2p and late offerings clipped 2 1/2 from **Samuel** at 90 1/2p. Ahead of imminent interim statements, **Haslemere** eased 2 to 254p and **Regalian** a penny to 23p. **Percy Bilton** continued firmly, adding 2 for a two-day gain of 6 at 182p.

Oil leaders steady

A little more business developed in the Oil leaders than of late and, once again, prices held relatively steady compared with the prevailing dull conditions. **British Petroleum** fluctuated narrowly before settling a few pence dearer on balance at 926p, while **Shell** closed without alteration at 576p. Elsewhere, **KCA** hardened 1/2 to 36p on the interim dividend payment.

The prevailing dull conditions were reflected in a fairly widespread setback in the Trust sector. **City and International** were noteworthy for a fall of 6 at 95p, while **Bishopsgate** lost 4 to 174p and **Scottish National** 3 cheaper to 140 1/2p. Among Financials, reduced interim profits left **London Merchant Securities** 3 down at 67p.

A lack-lustre day's trading in Textiles was featured only by **Shaw Carpets**, which touched a year's peak of 80p before closing with a net rise of 3 at 73p on the company's return to profitability, the interim dividend and the scrip issue of second preference shares.

Among quietly-dealt Tobaccos, **Bats** shed 7 to 288p in line with the general trend.

Guthrie dropped to 319p on the sharply reduced interim profits, mainly due to lower Malaysian rubber crop yields, but found support at this level and, helped by the company's forecast of a better second half, rallied to close only 2 down on balance at 325p.

Selection Trust fall

A statement from **Selection Trust** that the company knew of no reason for the previous day's sharp rise in their shares prompted a flurry of profit-taking which left the price 18 lower at 458p.

Charter Consolidated, which had improved in line with Selection Trust reflecting their substantial stake i nthe latter, also lost ground to close 4 down at 137p. Other London-registered Financials fell away owing to the weakness of UK equities. **Rio Tinto-Zinc** and **Gold Fields** were both around 3 cheaper at 232p and 175p respectively.

Elsewhere in mining markets, South African Golds failed to arouse much interest following the generally disappointing dividend announcement from the Gold Fields group producers.

After opening a shade easier, reflecting small overnight U.S. selling, prices tended to drift and the Gold Mines index gave up 1.6 more to 133.9. The ex-premium index lost 1.2 at 97.4. The bullion price closed 25 cents firmer at $202.875 per ounce.

South African Financials were featured by the strong recovery of **De Beers**; after an uncertain start which saw the shares fall to 350p, they picked up on American buying to close a net 10 higher at 364p. **General Mining** rose 5 to 335p in their new 40 cents form.

The main talking point in Australians was today's return from suspension of **Poseidon**, which was last traded at 75p in October, 1976; market talk suggested an opening quotation of between 35p to 45p although the majority of ipinion pointed to the lower price. Trading in Australians was quiet although **Mount Lyell** advanced 7 to 40p following speculative support.

Among Tins **Amalgamated Tin of Nigeria** hardened a penny to 24p despite the reduced half-year profits.

Elsewhere, further profit-taking caused widespread losses in Irish-Canadians. **Westfield Minerals** dropped 15 more to 350p while **Northgate Exploration** fell 20 to 400p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18

For rate indications see end of Share Information Service

Stocks favoured for the call included **Burmah Oil, UDT, Fitch Lovell, Mount Charlotte, De Vere Hotels, Bambers Stores, Talbex, Barker and Dobson** and **Selection Trust**. No puts were reported but double options were completed in **De Vere Hotels, Reed International, FNFC,** and **Avana**.

FINANCIAL TIMES STOCK INDICES

—	Dec. 13	Dec. 12	Dec. 11	Dec. 8	Dec. 7	Dec. 6	A year ago
Government Secs.	68.72	68.88	69.01	68.97	68.99	68.85	76.51
Fixed Interest	70.11	70.24	70.26	70.37	70.31	70.23	78.86
Industrial	480.7	485.4	492.5	493.3	491.5	491.8	474.0
Gold Mines	133.9	135.5	139.7	154.4	131.0	127.3	139.8
Gold Mines (Ex-$ pm.)	97.4	98.6	100.1	97.2	95.0	92.8	101.3
Ord. Div. Yield	6.00	5.95	5.87	5.85	5.86	5.85	5.64
Earnings. Y'ld%(full)	15.86	15.70	15.49	15.45	15.36	15.34	17.05
P/E Ratio (net) (*)	8.10	8.27	8.38	8.40	8.41	8.42	8.33
Dealings marked	4,170	4,103	4,619	4,316	4,241	4,875	4,131
Equity turnover £m	—	66.17	67.59	97.93	87.66	86.90	69.10
Equity bargains total	—	14,664	16,425	15,395	16,556	16,116	11,107

10 am 483.3. 11 am 481.7. Noon 480.4. 1 pm 479.7. 2 pm 479.7. 3 pm 479.8.

Latest Index 01-236 8026.

* Nil=7.93.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. 1/7/78. Gold Mines 12/9/55. Ex-$ pm Index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	132.3 (14/8)	90.5 (18/4)	337.1 (3/4/74)	54.3 (25/8/76)

S.E. ACTIVITY

	Dec. 13	Dec. 12
—Daily		
Gilt Edged	151.2	144.9
Industrials	146.4	143.8
Speculative	35.6	28.3
Totals	94.9	88.4
5-day Average		
Gilt-Edged	154.3	152.9
Industrials	147.8	149.2
Speculative	31.3	30.9
Totals	97.6	98.5

NEW HIGHS AND LOWS FOR 1978

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (14)

BUILDINGS (1)
Parker Timber
CHEMICALS (1)
Alginate Inds.
STORES (1)
Menzies (J.)
ENGINEERING (2)
Pratt (F.) Wombwell Foundry
INDUSTRIALS (5)
Gibbons (S.) Stonehill
Glass & Metal Third Mile Inv.
Grimshawe
PAPER (1)
Waco
TEXTILES (1)
Shaw Carpets
TRUSTS (1)
London Atlantic
MINES (1)
Mincorp

NEW LOWS (12)

BRITISH FUNDS (3)
Fundg. 5 1/2pc '82-84 Treas. 9 1/2pc 1999
Treas. 12 1/2pc 1993
STORES (1)
Grattan Warehouses
ELECTRICALS (1)
Laurence Scott
ENGINEERING (1)
Record Ridgway
INDUSTRIALS (3)
Bath & Portland Hoover A
Gestetner A
TRUSTS (1)
Progressive Secs.
MINES (2)
New Witwatersrand Falcon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	21	7
Corpns., Dom. and Foreign Bonds	1	11	49
Industrials	121	516	801
Financial and Prop.	25	227	250
Oils	2	14	21
Plantation	4	6	22
Mines	12	62	66
Recent Issues	3	8	17
Totals	168	915	1,333

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	10	926	+2	934	720
ICI	£1	10	369	−5	421	328
Borthwick (T.)	50p	9	73	—	73	45
Milletts Leisure Stores "New"	20p	9	121	—	121	115
Barclays Bank	£1	8	362	−8	372	296
Beecham	25p	8	614	−10	726	581
Metal Box "New"	Nil/pd.	8	56pm	—	70pm	56pm
GEC	25p	7	334	−4	349	233
Reed Intl.	£1	7	149	−2	183	102
Royal Insurance	25p	7	357	−6	425	336
Unilever	25p	7	542	−10	602	476
Allied Breweries	25p	6	83	−1	94	78
Commercial Union	25p	6	146	−2	164	132
Dunlop	50p	6	64	−1	90	63
Shell Transport	25p	6	576	—	602	484

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Engineering Contractors	+24.45	Consumer Goods (Non-Durable)	+ 4.38
Electricals	+23.50	Other Groups	+ 2.83
Mining Finance	+18.33	Food Manufacturing	+ 2.54
Electronics, Radio and TV	+18.25	Packaging and Paper	+ 2.32
Mechanical Engineering	+15.71	Stores	+ 1.93
Capital Goods Group	+15.33	Banks	+ 1.91
Wines and Spirits	+14.48	Breweries	+ 1.85
Contracting and Construction	+12.96	Investment Trusts	+ 1.73
Consumer Goods (Durable) Group	+11.75	Gold Mines F.T.	+ 1.73
Property	+ 9.55	Metal and Metal Forming	+ 1.40
Newspapers and Publishing	+ 8.57	Financial Group	− 1.07
Building Materials	+ 8.33	Insurance (Life)	− 2.58
Chemicals	+ 8.11	Discount Houses	− 2.92
Overseas Traders	+ 7.43	Merchant Banks	− 3.86
Textiles	+ 7.17	Hire Purchase	− 4.17
Office Equipment	+ 7.02	Pharmaceutical Products	− 5.96
500-Share Index	+ 6.97	Insurance Brokers	− 6.08
Industrial Group	+ 6.75	Toys and Games	− 6.27
Food Retailing	+ 6.69	Household Goods	− 6.35
Tobaccos	+ 5.79	Insurance (Composite)	− 8.85
All-Share Index	+ 5.51	Shipping	−12.60
Entertainment and Catering	+ 5.06		
Motors and Distributors	+ 4.91		

† Percentage changes based on Tuesday, December 12, 1978 indices.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	950	11	3	44	—	63	—	923p
Com Union	140	10	10	14	—	21	—	145p
Com Union	160	2	7	5 1/2	—	10	—	..
Cons Gold	200	1 1/4	3	6	—	9 1/2	—	175p
Courtaulds	120	6 1/4	19	11 1/2	—	14	—	122p
Courtaulds	130	2	10	6 1/2	10	9 1/2	—	..
GEC	280	57	2	66	5	—	—	333p
GEC	300	38	36	49	5	62	2	..
GEC	330	15	8	28	13	42	—	..
GEC	360	4	45	14 1/2	—	27	—	..
Grand Met.	100	14 1/2	2	18	—	22	5	113p
Grand Met.	110	7 1/2	8	9 1/2	—	14	5	..
Grand Met.	120	2	—	5 1/2	8	7 1/2	10	..
ICI	330	46	1	49	—	—	—	369p
ICI	360	18	15	24	8	39	10	..
ICI	390	6 1/2	12	11	11	21	—	..
ICI	420	3/4	—	5	6	13	—	..
Land Secs	200	46	15	52	—	—	—	243p
Land Secs	220	25	20	35	—	38	—	..
Land Secs	240	9 1/2	13	19	—	25	—	..
Marks & Sp	70	16	11	19	—	21	—	85p
Marks & Sp	80	8 1/2	17	12	—	15	—	..
Marks & Sp	100	3/4	3	3	—	—	—	..
Shell	550	30	7	50	—	58	—	575p
Shell	600	5	5	20	2	28	—	..
Totals			272		68		32	

Option	Ex'rc'se price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
BOC Intl.	70	2 1/2	3	5 1/2	—	7	—	68p
Boots	180	20	5	28	—	31	—	195p
Boots	220	2 1/2	60	8	—	11	—	..
Boots	240	1 1/2	—	3 1/2	35	—	—	..
EMI	160	6 1/2	—	11	16	16	—	148p
Totals			68			51		

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
42 1/2	F.P.	24/11	48	43	Arncliffe Hldgs.	44	..	b2.55	3.4	8.7	7.1
A$0.50	F.P.	—	78	61	Ashton Mining 50c	75	−1	—	—	—	—
A$1.26	F.P.	—	108	100	Aust. Farming A$1	102		—	—	—	—
155	F.P.	10/1	175	171	Harris Queensway 20p	170	−3	7.8	3.1	6.8	7.3
..	F.P.	—	16 1/2	15 1/2	Hunt & Moscrop Defd.	15 1/2	..	—	—	—	—
29	F.P.	5/1	31	29	Kitchen Queen 10p	29	−1	41.34	3.4	6.9	4.8
110	F.P.	—	121	115	MillettsLeis'rSh'ps20p	121	..	bd5.7	1.88	7.2	11.3

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
£99 1/2	F.P.	—	99 3/4	99 1/2	Anglesey Variable 1983	99 3/4	......
*	£10	26/1	12 1/2	11 3/4	Colne Valley Water 8% Red P. Prf. 1983	12 1/2	......
11	F.P.	16/11	120	101	Crosby House 10% Conv. '87-90	120	+5
100p	Nil	28/12	1pm	1pm	Findlay 8% Cnv. Cum Red. Prf.	1pm	......
100p	Nil	5/1	5pm	2pm	Hawley-Goodall 12% Cnv. Uns. Ln. '86-88	5pm	+1
..	..	22/12	98p	98p	Newman Inds. 10% Acc. Prf.	98p	......
£ ..	F.P.	25/1	97	96 1/2	Rickmansworth & Uxbridge Water 7% '85	96 3/4	......
97p	F.P.	5/1	99p	98p	Sensaope 10% Pref.	99p	+1

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
560	F.P.	8/12	12/1	645	568	Beecham	620	−13
17	Nil	15/12	26/1	3 1/4pm	2 3/4pm	Boulton (Wm.)	3pm	..
350	F.P.	5/12	21/12	414	380	Brown (J.)	380	−8
67	F.P.	29/11	5/1	77	71 1/2	Capper-Neill	75 1/2	−1 1/2
105	Nil	15/12	12/1	8pm	2pm	Clifford (Chas.)	6pm	−1
93	F.P.	15/12	12/1	107 1/2	101	Dixon (D.)	101	......
45	Nil	5/1	9/2	3pm	2pm	Foster (John)	2 1/2pm	−1/2
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	145	......
125	Nil	15/12	12/1	36pm	34pm	M.L. Holdings	30pm	......
250	Nil	5/1	9/2	70pm	56pm	Metal Box	56pm	......
185	Nil	18/12	10/1	45pm	25pm	Stothert & Pitt	40pm	......
62	Nil	18/12	15/1	14pm	5pm	Tern Consulate	12pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Dec. 13, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., Dec. 12 Index No.	Mon., Dec. 11 Index No.	Fri., Dec. 8 Index No.	Thurs., Dec. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	236.54	−1.3	16.90	5.48	8.11	239.63	241.91	241.83	239.63	201.07
2	Building Materials (27)	205.15	−1.9	18.26	6.26	7.54	209.38	210.92	210.46	210.35	183.92
3	Contracting, Construction (28)	372.49	−2.1	20.40	4.36	7.04	380.30	384.89	382.76	383.94	322.89
4	Electricals (15)	558.58	−1.1	13.42	3.39	10.26	564.97	570.67	564.98	555.58	438.49
5	Engineering Contractors (14)	366.63	−1.1	17.78	5.87	7.65	370.56	372.32	371.22	372.54	283.62
6	Mechanical Engineering(72)	184.11	−1.1	18.32	6.09	7.29	186.23	187.79	187.87	186.96	156.33
8	Metals and Metal Forming(16)	161.99	−0.6	16.87	8.82	8.24	162.95	165.05	165.34	164.46	155.27
	CONSUMER GOODS										
11	(DURABLE)(53)	210.65	−1.2	16.72	5.09	7.97	213.18	215.70	213.57	212.65	184.89
12	Lt. Electronics, Radio, TV (16)	265.38	−1.4	14.04	3.87	9.99	269.27	272.45	268.34	266.47	220.30
13	Household Goods (12)	169.21	−1.1	17.85	6.73	7.69	171.04	171.90	171.21	171.00	179.74
14	Motors and Distributors (25)	122.34	−0.7	21.21	6.88	5.92	123.27	124.92	124.68	124.64	112.64
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	209.79	−1.2	15.99	6.01	8.42	212.31	214.08	213.55	213.22	196.91
22	Breweries (14)	232.04	−1.1	14.62	6.15	9.52	234.57	235.19	234.87	234.44	230.49
23	Wines and Spirits (6)	282.64	−1.2	15.58	5.09	9.42	285.98	289.52	288.09	288.22	259.32
24	Entertainment, Catering (17)	272.04	−0.9	13.63	6.47	10.70	274.56	276.77	273.61	272.76	249.26
25	Food Manufacturing (19)	202.69	−1.7	18.74	5.54	7.09	206.30	208.73	208.60	210.05	197.37
26	Food Retailing (15)	226.71	−1.3	13.86	5.22	10.09	229.65	233.29	229.69	230.56	201.02
32	Newspapers, Publishing (12)	378.23	−0.4	21.27	6.42	6.63	379.66	379.21	375.96	377.89	328.64
33	Packaging and Paper (15)	132.12	−0.7	19.29	7.97	6.76	132.99	134.31	134.09	134.18	122.45
34	Stores (40)	195.36	−1.2	12.02	4.83	11.97	197.66	199.08	199.35	197.98	187.71
35	Textiles (24)	182.38	−0.5	17.58	8.00	7.37	183.32	184.28	183.61	182.30	166.57
36	Tobaccos (3)	236.50	−1.5	23.46	7.94	5.04	240.09	242.03	242.22	241.74	218.37
37	Toys and Games (6)	93.45	−1.1	23.62	6.92	4.99	94.47	95.38	95.50	96.76	96.82
41	OTHER GROUPS (99)	196.51	−1.4	15.92	6.31	8.06	199.27	201.04	200.53	200.94	189.59
42	Chemicals (19)	279.96	−1.1	16.33	6.75	7.96	283.28	285.46	285.20	285.52	258.87
43	Pharmaceutical Products (7)	243.08	−1.8	11.42	4.78	10.61	247.48	250.55	250.73	251.45	0.00
44	Office Equipment (6)	129.35	−2.2	18.78	5.89	6.95	132.29	133.45	134.19	135.20	122.44
45	Shipping (10)	407.88	−0.7	14.83	7.45	8.55	410.56	417.20	418.55	421.20	453.85
46	Miscellaneous (57)	213.35	−1.4	17.94	6.67	7.37	216.29	217.62	215.69	215.80	197.88
49	INDUSTRIAL GROUP (495)	220.82	−1.3	16.26	5.88	8.22	222.83	224.84	224.09	223.65	201.98
51	Oils (5)	517.82	+0.1	13.51	3.89	8.83	516.43	519.85	524.52	527.58	479.56
59	500 SHARE INDEX	244.64	−1.1	15.84	5.57	8.19	247.24	249.33	249.02	248.82	224.92
61	FINANCIAL GROUP(100)	168.47	−1.2	—	5.81	—	170.55	171.92	171.94	171.60	164.64
62	Banks(6)	196.48	−1.7	23.76	6.08	6.31	199.79	202.21	201.18	200.38	183.99
63	Discount Houses (10)	218.28	+0.1	—	8.11	—	218.14	217.88	216.87	216.07	205.94
64	Hire Purchase (5)	155.26	−2.4	15.69	5.33	8.41	159.13	155.78	154.87	153.80	159.96
65	Insurance (Life) (10)	135.35	−0.9	—	6.94	—	136.62	138.73	141.80	140.38	136.28
66	Insurance (Composite) (7)	123.13	−1.8	—	7.12	—	125.40	126.89	127.00	127.26	132.42
67	Insurance Brokers (10)	313.78	−0.3	15.24	5.33	9.37	314.66	317.72	320.93	326.18	331.65
68	Merchant Banks (14)	78.34	−1.1	—	6.26	—	79.19	79.09	79.10	79.07	80.94
69	Property (31)	266.30	−0.8	3.59	2.86	46.11	268.33	268.61	266.45	265.39	228.98
70	Miscellaneous (7)	112.46	+0.7	22.50	7.38	5.75	111.71	111.23	111.36	111.55	104.94
71	Investment Trusts (50)	208.67	−1.3	—	5.04	—	211.45	211.71	212.13	212.15	203.47
81	Mining Finance (4)	102.72	−1.9	18.38	6.93	6.73	104.73	103.04	102.77	103.13	88.79
91	Overseas Traders (19)	308.20	−0.6	16.35	7.82	7.67	301.91	301.38	301.19	300.49	276.09
99	ALL-SHARE INDEX(673)	223.87	−1.1	—	5.66	—	226.35	228.02	227.82	227.63	208.29

FIXED INTEREST PRICE INDICES

	British Government	Wed., Dec. 13	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.90	−0.09	—	9.19
2	5-15 years	111.66	−0.15	—	10.45
3	Over 15 years	116.92	−0.14	—	12.79
4	Irredeemables	122.40	−0.44	—	13.54
5	All stocks	109.81	−0.13	—	10.89

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Wed., Dec. 13	Tues., Dec. 12	Year ago (approx.)
1	Low Coupons	5 years	9.64	9.61	7.29
2		15 years	11.41	11.38	9.47
3		25 years	12.14	12.11	10.15
4	Medium Coupons	5 years	12.56	12.48	9.76
5		15 years	12.69	12.67	10.47
6		25 years	12.69	12.67	10.61
7	High Coupons	5 years	12.59	12.55	10.19
8		15 years	13.25	13.23	11.46
9		25 years	13.28	13.25	11.52
10	Irredeemables		12.00	11.94	10.18

		Wed., Dec. 13 Index No.	Wed., Dec. 13 Yield %	Tues. Dec. 12	Mon. Dec. 11	Fri. Dec. 8	Thurs. Dec. 7	Wed. Dec. 6	Tues. Dec. 5	Mon. Dec. 4	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	55.09	‡13.46	56.09	55.09	56.02	56.02	55.21	55.21	55.19	61.92
16	Investment Trust Prefs. (15)	50.91	13.74	50.87	51.15	51.15	51.15	51.16	51.16	51.16	56.44
17	Coml. and Indl. Prefs. (20)	72.38	12.96	72.17	71.65	71.45	71.44	71.86	71.86	71.83	77.27

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	96.0	101.1	-0.1	9.47
Abbey Capital	34.4	36.6	-0.5	4.40
Abbey Income	40.9	43.5	-0.7	6.27
Abbey Inv. Tst. Fd.	36.2	38.5	-0.1	4.69
Abbey Gen. Tst.	46.7	49.7	-0.8	4.31
Equitas Prog. Tst.	66.5	70.2	-1.1	4.73

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	67.6	72.3	-0.8	5.60
Brit. Inds. Fund	64.2	68.7	-0.9	5.68
Grth. & Inc.	37.4	40.0	-0.4	5.25
Elect. & Ind. Dev.	35.0	37.5	-0.5	4.72
Allied Capital	69.9	74.8	-0.8	4.55
Hambro Fund	108.0	115.6	-1.1	5.41
Hambro Acc. Fd.	124.1	132.8	-1.9	4.86

Income Funds

High Yield Fd.	73.1	78.3	-0.9	8.05
High Income	67.1	71.8	-0.6	8.96
A.H. Eq. Inc.	40.1	42.9	-0.4	7.16

International Funds

International	26.0	27.8	-0.2	2.45

Framlington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6971

American	46.4	49.0	—	1.14
Capital Tst.	134.4	142.8	—	3.44
Income Tst.	110.0	117.0	—	6.61
Int. Growth Fd.	115.2	122.4	—	2.15
Do. Accum.	119.8	127.4	—	2.15

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	44.8	47.9	—	4.55
Do. Accum.	59.0	63.1	—	4.55

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	83.3	88.6	—	3.50
Do. Acc.	100.8	107.2	—	3.50
G.T. Inc. Fd. Un.	156.3	166.2	—	8.60
G.T. U.S. & Gen.	123.0	130.8	—	3.00
G.T. Japan & Gen.	90.2	95.9	—	1.20
G.T. Pens. Ex. Fd.	136.6	143.4	—	3.70
G.T. Int'l. Fund	147.5	156.9	—	2.00
G.T. Four Yds. Fd.	54.2	57.6	—	7.60

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	33.0	35.2	-0.5	4.72

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Dec. 11	38.8	40.8	—	5.67
Exempt Nov. 30	99.6	103.6	—	5.40

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	46.9	49.3	—	3.85

Murray Johnstone U.T. Mgmt. (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	81.1	86.3	—	3.56

Dealing Day Friday.

Mutual Unit Trust Managers (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	52.1	55.6	-0.3	6.61
Mutual Inc. Tst.	70.3	75.5	—	7.60
Mutual Blue Chip	44.1	47.9	-0.2	6.80
Mutual High Yld.	57.0	61.3	—	8.80

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

Income Dec. 13	160.0	164.8	+1.2	5.87
(Accum. Units)	221.0	229.2	+1.8	5.87
Capt. Dec. 13	131.4	136.2	+1.2	4.22
(Accum. Units)	160.4	166.4	+2.2	4.22

National Provident Inv. Mngrs. Ltd.

Provincial Life Inv. Co. Ltd.
222, Bishopsgate, EC2.

Prolific Units
High Income

Prudl. Portfolio Mngrs. Ltd.
Holborn Bars, EC1N 2NH.

Prudential

Quilter Management Co. Ltd.
The Stk. Exchange, EC2N 1HP.

Quadrant Gen. Fd.
Quadrant Income

Reliance Unit Mgrs. Ltd.
Reliance Hse., Tunbridge Wells, Kt.

Opportunity Fd.
Sekforde T. (Acc.)
Sekforde T. Inc.

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester

Ridgefield Int. UT
Ridgefield Income

CORAL INDEX: Close 480-485

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♠. ¶ Guernsey gross. ♯ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	23½	......	—	—
41	33	Do. 5pc Pref......	39xd	......	—	—
98	98	Chilean Mixed.....	98	......	—	f3.10
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	f7.20
51	46	Do 6pc 28 Stab. Ass..	49	......	6	f6.24
44	40	Do 4pc Mixed Ass...	40	......	4	f5.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 37⅝% (based on US$1.9712 per £)

Conversion factor 0.7271 (0.7277)

CANADIANS

S.E. List Premium 37⅝% (based on $2.3179 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 6000 Frankfurt am Main 1. Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 200 2748

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Frankfurt: Frankenallee 68-72 6000 Frankfurt am Main 1. Telex 416193 Tel: 7598 221

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East. For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	10	......	—	—	—
140	64	Bougainville 50 Toea	125	......	†Q8c	1.4	4.0
131	63	BH South 50c	116	......	—	—	—
820	150	Central Pacific	425	−5	—	—	—
336	148	Conzinc Riotinto 50c.	280	......	‡Q10c	2.2	‡
27	9½	Endeavour 20c	18½	−½	—	—	—
75	45	G.M. Kalgoorlie $1.	54	......	—	—	—
68	18	Haoma Gold N.L.	33	−2	—	—	—
158	81	Hamptn Areas 5p.	155	−3	♦d3.55	2.0	3.4
40	10	Metals Ex. 50c	27½	+½	—	—	—
223	125	M.I.M. Hldgs. 50c	196	......	Q9c	1.7	2.8
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	40	+7	—	—	—
7	1½	Newmetal 10c	5½	−¼	—	—	—
143	79	North B. Hill 50c	107	−1	Q8c	1.3	4.6
16½	8½	Nth. Kalgurli	11	......	—	—	—
50	12	Nth. West Mining	26	−1	—	—	—
178	115	Oakbridge $A1	126	−1	Q12c	1.9	10.9
42	10	††Otter N.L.	23	−1	—	—	—
70	30	Pacific Copper	64	......	—	—	—
£15½	725	Pancont'l 25c	775	−25	—	—	—
40	12	Paringa M&Ex.5p	18	......	—	—	—
570	310	Peko-Wallsend 50c.	430	−10	Q15c	ϕ	2.2
300	50	Southern Pacific	170	−5	—	—	—
164	84	Westn. Mining 50c.	135	−1	Q3c	0.7	1.4
100	35	Whim Creek 20c.	70	−5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	+1	2.81	1.3	17.4
420	240	Ayer Hitam $M1	310	......	Q300c	0.5	20.8
60	45	Beralt Tin	55	......	4.0	ϕ	11.4
305	190	Berjuntai $M1	210	......	Q110c	1.0	11.3
185	111	Geevor	165	......	H5.57	5.8	5.1
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	300	......	†15.36	0.9	7.6
320	130	Hongkong	312xd	......	12.5	ϕ	6.0
93	73	Idris 10p	73	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	63xd	......	†Q12.5c	2.1	4.3
640	450	Killinghall	620	......	Q128.36	ϕ	23.7
470	280	Malay Dredging $M1	360	......	Q175c	0.7	10.4
78	40	ΔPahang	44	......	Q0.62c	ϕ	0.3
78	50	Pengkalen 10p	60	......	6.60	1.3	16.4
270	165	Petaling $M1	210xd	......	Q120c	ϕ	12.3
87	49	Saint Piran	81	......	2.03	6.5	3.7
70	47	South Crofty 10p	62	......	†4.19	2.0	10.3
245	140	South Kinta $M0.50	175	......	sQ145c	0.6	17.8
340	230	Sthn Malayan $M1	275	......	Q190c	1.0	14.8
240	134	Sungei Besi $M1	215xd	......	mQ65c	5.3	6.5
85	55	Supreme Corp. $M1	65	......	ZQ10c	—	3.3
100	84	Tanjong 15p	100	......	6.60	0.8	9.8
100	74	Tongkah Hrbr. $M1	85	......	Q35.82%	0.7	9.4
270	148	Tronoh $M1	200	−5	‡Q88c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	56	......	—	—	—

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	58	+1	—	—	—
17	9	Burma Mines 17½p	12	......	—	—	—
300	175	Cons. Murch. 10c.	175	......	‡Q30c	2.6	‡
465	245	Northgate C$1	400	−20	—	—	—
263	164	R.T.Z.	232	−3	9.5	2.8	6.1
90	30	Sabina Inds. C$1	44	......	—	—	—
£12	687	Tara Exptn. $1	737	......	—	—	—
185	120	Yukon Cons. C$1	165	......	Q7c	2.9	2.0

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¾	$10¼	Buffels R1	$11	−⅛	Q170c	1.8	17.9
$11¼	830c	East Drie R1	890c	......	†Q78c	1.7	10.1
585c	330c	East Rand Prp. R1	375c	......	—	—	—
$28⅜	$16½	F.S. Geduld 50c	$18¾	−¼	Q315c	ϕ	19.9
$15⅛	975c	Pres. Brand 50c	$11	−⅛	Q150c	ϕ	15.7
$13¼	900c	St. Helena R1	988c	−24½	Q190c	ϕ	22.2
465c	313c	Stilfontein 50c	415c	......	†Q22c	2.3	6.1
$17⅞	$16¼	Vaal Reefs 50c	$17¼	−⅛	Q115c	3.3	7.7
$37	$25	West Drie R1	$29½	−⅛	Q385c	1.7	15.0
$31¼	$19	West Hldgs. 50c	$21¼	−¼	Q415c	ϕ	22.5
$12½	895c	Western Deep R2	$10⅜	−⅛	Q82.5c	2.4	9.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- ■ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	67	......
Bertam	15	......
Bdg'wtr. Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	615xd	......
Dyson (R. A.) A	35	......
Ellis & McHdy	65	+1
Evered	23	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew	74	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	192	......
N'thn. Goldsmith	70	......
Pearce (C. H.)	198	......
Peel Mills	21	......
Sheffield Brick	55	......
Sheff. Refrshmt	67	......
Sindall (Wm.)	117	......

IRISH

Conv. 9% '80/82	£90	......
Alliance Gas	97	......
Arnott	350xd	......
Carroll (P.J.)	95	−2
Clondalkin	98	......
Concrete Prods.	130	......
Helton (Hldgs.)	43	+2
Ins. Corp.	160	......
Irish Ropes	105	......
Jacob	50	......
T.M.G.	190	−5
Unidare	80	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	18	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	26
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday December 14 1978

Smiths crisps back in UK fold

BY ANDREW TAYLOR

THE 58-year-old Smiths crisps business is poised to return to British hands after an 11-year gap. Associated Biscuit Manufacturers has agreed to buy Smiths Food Group for £16.4m cash from General Mills Incorporated of the U.S.

To help finance the deal, Associated is proposing a one-for-three rights issue to raise £9.9m. The remainder of the purchase price will be financed from medium-term loans. The rights issue is to be underwritten by Kleinwort Benson.

Smith products, largely sold through licensed outlets such as pubs and clubs and generating an annual turnover of around £65m, will now have access to Associated's retail distribution network.

This will enable them to compete with rival products like Golden Wonder crisps and KP nuts, which have made substantial inroads into the supermarket and grocery trades.

Dr. Keith Bright, Associated's chairman, said that the deal would also provide an opportunity for Associated's snacks products—through its Huntley and Palmer subsidiary and generating an annual turnover of more than £5m—to sell to the licensed trade, as well as to newsagents and tobacconists.

He said that the group had been seeking to extend its snacks business for more than a year, and had approached several leading manufacturers with a view to making an acquisition.

General Mills said last night it still had more than $200m of sales in Europe, just over half of which was generated from snacks. The group would now be looking for fresh "growth opportunities" in the European food business.

Smith's, which at one time controlled 80 per cent of the UK crisps market before the introduction of ready-salted crisps by Golden Wonder, now says it holds about 26 per cent compared with Golden Wonder's 30 per cent.

In the year ending on April 28, Smiths incurred a pre-tax loss of £261,000 due, Associated says, to a potato famine and rationalisation of the crisp business. Although further rationalisation costs are due to be met in the current year, Smiths' U.S. parent is forecasting £2.2m pre-tax profits for the year.

Associated, which is proposing a 20 per cent dividend increase next year on the back of its rights issue, has estimated pre-tax profits for the current calendar year to be £8.8m against last year's £9.2m.

BL recalls Minis over brake fault

By Kenneth Gooding, Motor Industry Correspondent

BL IS TO recall 200,000 Minis assembled between October, 1977, and November this year for a free safety check on the brake master cylinder.

The company said last night that the recall would be "very expensive." It appears that only a few Minis will need attention apart from the simple safety check.

BL decided to act after its supplier, Automotive Products, discovered incidences of an assembly fault in the cylinder supplied for the Mini.

The fault may cause a gradual increase in pedal travel, which BL says would be noticed by the driver before loss of braking efficiency occurs.

The fault would normally come to light at a low mileage. However, BL said: "We wish to both safeguard and reassure all users of Minis in the affected range, regardless of mileage.

"Every effort is being made to ensure that dealers are informed and equipped to carry out the checks efficiently and as quickly as possible.

"Inevitably, the approach of Christmas may cause some difficulties and the company apologises in advance for this, but is confident that customers will appreciate that safety must come before any other considerations."

The checks will involve cars delivered to the UK market and abroad. BL and Automotive Products are discussing how the cost might be shared.

Czech growth targets down

By Tony Robinson

CZECHOSLOVAKIA, LIKE its Comecon neighbours Poland and Hungary, has confirmed that economic growth will not reach planned targets this year, and growth next year will be scaled down from the 4.9 per cent target set for 1978.

CAUTIOUS POLICY URGED BY BANK OF ENGLAND

Growth prospects in Budget 'limited'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S fiscal and montary policy should have a "clearly cautious bias" both because of uncertainty about the rise in earnings in the current pay round and because of external constraints, the Bank of England says in its latest quarterly bulletin.

The Bank's analysis, published today, indicates that the scope in the next Budget for any stimulus to the level of activity is limited, even if inflation is contained.

This is because the Bank believes there is no room for a faster expansion of domestic demand, given the likely modest growth in the rest of the world, without putting the balance of payments under strain.

This constraint reinforces the cautionary influence of the uncertainty about pay. Moreover, the Bank warns that if earnings rise at the same rate or more rapidly than in the past year, expansion would be put at risk, since monetary policy could hardly be relaxed and lower profits would reduce business investment.

The Bank warns in clearer language than it has used so far that in time there is likely "to be a fairly direct trade-off between the rate of increase in earnings and the level of activity—and thus of unemployment."

The Bank is generally more optimistic about the prospects for prices and output over the next 12 months than the Treasury was in its recent forecasts.

But the Bank is seriously concerned about the likelihood of a further squeeze on profit margins and of a deterioration in the financial position of industry.

The key difference is that the Bank is more optimistic than the Treasury about the possibility of continued sluggishness of world prices and hence believes that the growth of retail prices will be less, boosting living standards. But this also implies a smaller rise in export prices and a squeeze on profits.

The bulletin says "the average increase in earnings in the current pay round seems likely to turn out less than last year's. If so, it is likely that inflation will be kept to the present pace, and if the increase in earnings were kept well within single figures the pace of inflation would be reduced materially.

The implied calculations are that if, say, the earnings rise in the pay round is between 9 and 11 per cent, then the rate of retail price inflation should be kept in single figures because of favourable world prices.

The Bank maintains that if inflation is thus contained, the recent underlying rate of economic expansion—about 3 per cent a year—should continue and this may be sufficient to prevent a rise in unemployment.

In contrast, the Treasury has projected a growth in activity of about 2 per cent in the next year on the basis of a 7 per cent rise in earnings.

The bulletin indicates that with expansion at about this rate the current account of the balance of payments may well show a small surplus next year, though a faster expansion would jeopardise this.

On the proposed European Monetary System, the Bank emphasises that for the past two years the UK has had a remarkable degree of exchange rate stability, and intends to pursue policies that will continue to ensure future stability.

The bulletin contains a special article on measures of real profitability. This suggests that while the recession appears to have been largely responsible for the marked fall in real profitability between late 1973 and late 1975, there also appears to be a significant long-term downward trend.

Details, Page 7
Editorial Comment, Page 22
Eurobonds, Page 28

Carter alters guidelines on wages and prices

BY JUREK MARTIN

WASHINGTON — The Carter Administration has relaxed its voluntary guidelines applying to pay increases and tightened them for companies.

The two "significant" and several "minor" modifications to the original guidelines scheme disclosed six weeks ago were announced on the eve of the critical bargaining sessions in Washington for the trend-setting wage contract covering 400,000 members of the Teamsters' Union.

According to Mr. Alfred Kahn, President Carter's inflation adviser, the effect of the changes to the wage standards will be to add, nationally, 0.1 to 0.2 per cent to the existing 7 per cent guideline, and to cut an equivalent amount from the prices goal, which seeks to limit such increases in the next year to 5.75 to 6.25 per cent.

The concession to the trades union movement consists essentially of exempting from the guidelines the increased costs of health care plans when there are no increases in benefits.

The original standards had included pay and all fringe benefits under the 7 per cent ceiling. However, Mr. Kahn said, labour, and especially business, had complained to the Council on Wage and Price Stability that the widely differing but invariably increasing costs of health care and other fringe benefits might have harsh consequences for pay awards.

The Teamsters Union, which enjoys extensive health care protection, had been a classic case in point and there had been speculation that spiralling health care costs might absorb most of the 7 per cent allowable increase. But Mr. Kahn said that the Teamsters had provided him with very rough estimates suggesting that, as a result of the modifications, the union could win a nominal 7.3 per cent-a-year increase over the life of the contract and still be within the guidelines.

On the corporate side, the effect of the latest change is to make it less attractive for companies to opt for the sol-called profit-margin test

Under the original proposals, companies faced with uncontrollable cost increases, and thus unable to hold price increases to 0.5 per cent less than the increase in the previous year, were entitled to submit to the test that their average profit margins should not exceed the best two of the past three years.

U.S.-France link on £60m semiconductor plant

BY MAX WILKINSON

NATIONAL Semiconductor of Santa Clara, California, is to establish a major new plant in Europe as a joint venture with Saint - Gobain - Pont - a - Mousson, France's biggest quoted company.

The location in France has yet to be decided but the plant will at least be as big as each of the two UK ventures into semiconductor technology announced recently.

National Semiconductor said it expected investment in the project would reach £60m over the next five years. Of this a substantial amount would be contributed by the French Government.

Saint-Gobain will own 51 per cent of the new company and National Semiconductor 49 per cent.

The plant will be based on Metal Oxide Semiconductor (MOS) technology which is used for mass-produced computer memories, micro-computers and other specialised applications.

Construction is to start next year with the start-up scheduled for 1980.

The announcement follows closely an agreement reached between Thomson-CSF and Motorola of Arizona for a technological exchange in the semiconductor field. Thomson and the French Atomic Energy Commission intend to develop their joint semiconductor company EFCIS with new MOS capacity, with Motorola's help.

Two major new semiconductor plants are planned in the UK, both using MOS technology. The first, announced by the National Enterprise Board, calls for investment of £50m in a new subsidiary called Inmos.

The second plant is to be built as a joint venture between The General Electric Company and Fairchild of Palo Alto, California. It is likely to be of similar size.

Motorola and National Semiconductor already have plants in Scotland where they have recently made substantial investments.

TUC tries to head off pay row

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC is planning what appears to be a special effort to avert the threatened battle between 1.5m public service workers and the Government over the 5 per cent pay limit.

In the course of a meeting with Mr. Denis Healey, the Chancellor, early next week on general economic matters, the TUC economic committee is to revive ideas for linking the earnings of these vital workers with earnings elsewhere.

Proposals for linking their wages with those of "comparable" workers in the private sector were thrown out by the TUC general council recently, a move seen by some unions as ruining the chances of the Government allowing a special deal for the public service manual workers this year.

Now, the aim appears to be to persuade Ministers to give them a formal link with national average earnings — more on the lines of the special treatment accorded the firemen early this year.

The precise form of "comparability" to be pursued apparently was not discussed by the economic committee when it met yesterday.

Meanwhile, the four unions involved are to make a separate approach to the Government and the TUC "to seek a solution to the problem of low-paid workers in the public services."

This was decided by the four general secretaries yesterday when they met to agree to a day of protest and strikes on January 22.

They also said that any decision about industrial action to follow the one-day stoppage would be "further considered by the unions concerned."

Behind the manoeuvring is the realisation that joint action by these unions would not only destroy the 5 per cent policy, but would damage the credibility of a special relationship between TUC and the Labour Government in an election year.

Although the TUC economic committee at its meeting yesterday decided to raise the question with the Chancellor, there was considerable opposition from members of the commitee not directly involved.

Some felt that the TUC was in danger of renewing talks about pay policy. The rift between leaders of industrial unions and service unions was again apparent.

The excuse to renew the matter with the Government is ostensibly that part of Congress' pay resolution that says there should be "no discrimination" against public sector employees.

The four unions are the General and Municipal Workers —devoutly loyal to the Government — the Transport and General Workers, the National Union of Public Employees and the Confederation of Health Service Employees.

They represent council workers, including dustment, and sewage workers, hospital porters, ambulancemen and water workers. It is the first time they have combined in this way to plan industrial action.

They are claiming a 40 per cent rise to give these workers at least £60 a week basic pay, or two-thirds current average earnings. The first group to be formally offered the 5 per cent increase, the 1m council workers, have rejected it outright.

When the TUC economic committee meets the Chancellor next week it will be the first formal encounter since the talks about pay policy collapsed.

The agenda is intended mainly to cover issues such as economic growth, taxation, consumer spending, investment, public expenditure, EEC farm prices, import ceilings and the role of the Price Commission. The TUC is beginning to prepare its annual economic review, which contains its demands for the April Budget.

Ireland about-turn on EMS likely

IRISH and West German civil servants held talks yesterday to see if the conditions offered to Ireland to join the European Monetary System could be improved. If the talks are successful, Ireland may reverse last week's decision not to join the currency regime on January 1.

At the same time Barclays Bank has begun to offer in London separate spot and forward rates for the Irish pound, or punt, against the dollar. For the past 100 years the British and Irish currencies have been effectively interchangeable.

Barclays said yesterday that it had made the move in response to market demand, clearly fuelled by renewed speculation that Ireland would enter the EMS without Britain. This would involve a break with sterling and the imposition of exchange controls.

Mr. Jack Lynch, the Irish Prime Minister, refused yesterday to confirm that Ireland had decided to join the EMS in a day-long debate on the subject in the Dail (Parliament).

He did say, however, that he had received encouraging support from both Holland and Denmark to join the system and hinted that West Germany was prepared to re-examine the terms offered to Ireland.

There is speculation in Dublin that the final decision on Irish membership will be announced today after a Cabinet meeting.

Barclays began quoting a punt/dollar rate on Tuesday and the spot exchange developed a wider spread than the sterling-dollar rate.

In effect, discounting charges, Barclays was offering to buy punts via the dollar at 99.99 pence (British) and to sell them for 100.1 pence.

Barclays said that the punt/dollar rate would be used only for genuine business transactions.

However, the Irish Central Bank reaffirmed yesterday that none of the country's 13 associated or non-associated banks would be allowed to deal separately in Irish pounds.

Money Markets Page 31

Freightliner in Volvo deal

NEW YORK — CIT financial services has signed an agreement with Freightliner Corporation to handle the wholesale and retail financing of diesel powered Volvo trucks in the U.S.

Freightliner is the exclusive U.S. distributor for the trucks manufactured by Aktiebolaget Volvo of Gothenberg.
AP-DJ

Weather

UK TODAY

MAINLY cloudy with sunny intervals.

London, S., E. and NW England, E. Anglia, Midlands, Wales, Channel Islands

Sunny intervals with squally showers at times. Gales in exposed place. Max. 8C (46F).

Lake District, Isle of Man, N. Ireland, S., E., NE and Cent. Scotland, Argyll

Rather cloudy with showers and some bright intervals. Max. 8C (46F).

E. Scotland, Highlands and Scottish Islands

Mostly cloudy with showers. Max. 6C (43F).

Outlook: Becoming colder with more rain, which may turn to sleet in the North.

From the London Weather Centre

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amstdm.	R	8	46	Luxemb'g	C	4	39
Athens	F	16	61	Madrid	C	15	59
Bahrain	C	23	73	Manchstr.	C	8	46
Barcelona	C	19	66	Melbourne	R	15	59
Beirut	F	18	64	Milan	C	3	37
Belfast	C	6	43	Montreal	Sn	0	32
Belgrade	R	9	48	Moscow	Sn	−9	16
Berlin	C	9	48	Munich	C	8	46
Brmghm.	C	8	46	Newcastle	C	8	46
Bristol	R	7	45	New Delhi	S	20	68
Brussels	R	6	43	New York	C	7	45
Budapest	C	5	41	Oslo	Sn	−1	30
B. Aires	S	30	86	Paris	F	10	50
Cairo	S	20	68	Perth	C	30	86
Cardiff	C	8	45	Prague	C	7	45
Chicago	C	−1	30	Reykjavik	F	8	46
Cologne	R	10	50	Rio de J'o	C	27	81
Copnhagn.	R	6	43	Rome	F	18	64
Dublin	F	7	45	Singapore	S	29	84
Edinburgh	C	8	46	Stockholm	Sn	−1	30
Frankfurt	C	8	46	Strasbrg.	F	9	48
Geneva	C	9	48	Sydney	C	23	73
Glasgow	C	9	48	Tehran	S	11	52
Helsinki	Sn	−7	19	Tokyo	S	12	54
H. Kong	S	21	70	Toronto	C	4	39
Jo'burg	S	25	77	Vienna	S	12	54
Lisbon	C	17	63	Warsaw	C	3	37
London	F	10	50	Zurich	C	9	48

HOLIDAY RESORTS

	Y'day midday	°C	°F		Y'day midday	°C	°F
Algiers	S	23	73	Jersey	C	10	50
Biarritz	C	14	57	Las Plms.	S	22	72
Blackpool	C	8	46	Locarno	F	7	45
Bordeaux	C	14	57	Majorca	F	20	68
Boulogne	R	8	46	Malaga	S	21	70
Casablnca.	C	20	68	Malta	S	20	68
Cape Town	S	26	79	Nairobi	R	20	68
Corfu	C	17	63	Naples	F	17	63
Dubrovnik	C	15	59	Nice	C	16	61
Faro	C	18	64	Nicosia	C	17	63
Florence	S	16	61	Oporto	C	15	59
Funchal	F	21	70	Rhodes	R	14	57
Gibraltar	C	19	66	Salzburg	C	7	45
Guernsey	C	10	50	Tangier	C	17	63
Innsbruck	C	3	37	Tunis	S	23	73
Inverness	C	7	45	Valencia	F	23	73
I. of Man	F	9	48	Venice	C	4	39
Istanbul	C	10	50				

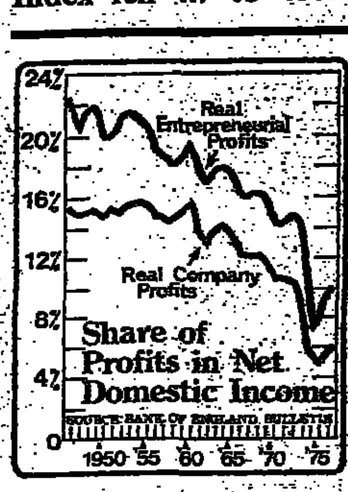
S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

THE LEX COLUMN

Big mouthful for Assoc. Biscuits

Too many people have been waiting for somebody else to get the Christmas rally moving. Inevitably the lack of progress has led to general disenchantment and the FT 30-Share Index has now lost 12.6 points so far this week. Today brings a set of nervously awaited trade figures for November.

Index fell 4.7 to 480.7



ABM/Smiths Food

Associated Biscuit Manufacturers' £16.4m cash bid for Smiths Food Group is an ambitious move. It is a very big deal for ABM, which is capitalised at £36m and stands to see its UK sales increased by a half. It takes the group into a highly competitive business, crisps and snacks, where Smiths' previous owner—the successful U.S. multinational, General Mills—has visibly failed to make progress. And it comes at a stage when ABM's revamped management is only just starting to show its paces.

ABM believes that it can succeed where General Mills failed because it has access to the grocery trade where Smiths has not been able to make a big impression. Smiths seems to have been short on product development and marketing—as indeed has ABM, at least until recently. The bid is expected to bring an overall increase in market share and distribution efficiency. It will also reduce ABM's heavy commitment to just two main products in the dull UK biscuit market, Club biscuits and cream crackers, which together represent nearly half its UK biscuit business.

Moreover, the price is not as high as it might seem. Smiths lost money last year, as a result of the potato shortage and reorganisation costs. This year it is forecasting £2.2m, and General Mills (which was apparently a reluctant seller) seems to have thought that profits of £4m or £5m were a longer-term possibility. No tax will be payable for a least two years, and a revaluation puts net assets up to £15.7m.

ABM is having to make a heavy rights issue to finance the bid—a one-for-three to raise £9.9m. That takes some digesting, especially if the family trusts and Rowntree Mackintosh decide not to take it all up. They own roughly 20 and 15 per cent respectively. It is a sign of the times that ABM is asking shareholders to approve the deal, even though this is not strictly necessary.

The shares stand at 72p, and yield 8¾ per cent on the basis of next year's dividend forecast. For the moment that kind of caution seems appropriate.

Profits trend

However you juggle about with the figures, it seems, the profitability of companies really has been falling. An article in the Bank of England Bulletin, published today, looks at the statistics in various ways. The authors are concerned that the picture may have been distorted because the conventionally defined company sector is smaller in relation to the economy than it used to be, so they have defined an "entrepreneurial" sector which takes in public corporations and self-employed traders. But it makes little difference to the overall picture, although the authors calculate that if the company sector had remained as large in 1977 as it had been in the early 1960s the share of real profits would have been 7 per cent rather than the actual 6 per cent. The share of companies' real profits in value added has also declined sharply, although this proportion—in common with other real profit measures —has recovered a little since the trough in 1975.

The improvement in real profitability during 1977 was only marginal. Extending its annual series of real rate-of-return calculations for industrial and commercial companies, the Bank finds that the real pre-tax return rose only from 3.6 to 4 per cent. A decade earlier the return had been over 10 per cent. Historical cost returns have remained astonishingly stable—at around 15 per cent—since the early 1960s. But the replacement cost valuation of assets in 1977 exceeded historic cost by nearly 150 per cent against just over 80 per cent in the 1960s. This factor has increasingly dominated the conversion of the rate of return to a real basis, and is now much more important than the deduction of the stock appreciation element in historic cost profits (though the fall in cost inflation helped the real return somewhat in 1977).

The authors make the point that the return on companies' equity capital has not suffered so badly as the overall return. Real interest rates have been substantially negative for most of the 1970s, so the Hyde-style gearing adjustment has tended to outweigh interest charges. Logically, however, equity returns will suffer if the current phase of positive real interest rates turns out to be at all prolonged.

Guthrie

By any standard Guthrie Corporation has had a poor first half. Pre-tax profits are only £4.7m, against £11.1m last time. The decline is to be seen in all the divisions. To add to the embarrassment of management the bulk of remaining profit still comes from the South East Asia plantation business which Guthrie has been trying to diversify away from. The only consolation in yesterday's statement—which no doubt prevented the shares slipping significantly —was the forecast that the results will be a lot better for the second half. For the full year they may even approach the £19.6m reported for 1977.

The largest shortfall in divisional profits arises in South East Asia, where a drought has severely affected yields. But the situation has improved, and Guthrie clearly expects most of the second half recovery to come from here. The second disappointing area is the U.S., where a strike has trimmed more than half from interim operating profits. This dispute is now settled, but agreement came too late to benefit this year's results very much. But the greatest problem remains Europe, and the loss-making British Carpets operation in particular. At 325p, on a prospective p/e of about 12, the share price reflects speculation of a possible takeover bid.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.
© The Financial Times Ltd., 1978

هكذا من الأصل